A 8200-3 C1
1/83

NATIONAL
RESTAURANT
ASSOCIATION

Restaurant Industry Operations Report '82

For the United States

Prepared in cooperation with

Laventhol & Horwath
Certified Public Accountants

BEST AVAILABLE COPY

Restaurant Industry Operations Report '82

1982 Edition

4 Explanatory Notes

5 The Restaurant Industry

8 The Restaurant Study—Operating Results of Restaurants 1981

9 Section A—Food Only Restaurants

44 Section B—Food and Beverage Restaurants

78 Comments From Laventhol & Horwath Offices Around the Country

85 Explanation of Terms

86 Analyze Your Operation

© 1982 by the National Restaurant Association and Laventhol & Horwath

List of Illustrations and Exhibits

Section A—Food Only Restaurants

	Exhibit	Page
Profile of Contributors		
The Restaurant Industry Dollar	Chart 1	9
Highlights		10
A Profile of Participating Food Only Restaurants	A-1	11
Performance Measurements		
Net Income Differential	A-2	12
Return on Total Assets	A-3	14
Cost Per Dollar of Sales	A-4	15
Payroll and Related Expenses		
Breakdown of Payroll by Function—Ratio to Total Payroll	A-5	16
Analysis of Employee Data	A-6	17
Other Controllable Expenses		
Direct Operating Expenses	A-7	18
Advertising Expenses	A-8	20
Utilities Expenses	A-9	20
Administrative Expenses	A-10	22
Occupancy Costs		
Occupancy Costs and Depreciation—Amount Per Seat	A-11	24
Balance Sheet		
Balance Sheet Ratios	A-12	25
Investment Per Seat	A-13	25
Statements of Income and Expenses		
Amount Per Seat by:		
Type of Restaurant	A-14	26
Years of Business and Location	A-16	30
Affiliation and Sales Volume	A-18	34
Region	A-20	38
Menu Theme	A-22	42
Ratio to Total Sales by:		
Type of Restaurant	A-15	28
Years of Business and Location	A-17	32
Affiliation and Sales Volume	A-19	36
Region	A-21	40
Menu Theme	A-23	43

Section B—Food and Beverage Restaurants

	Exhibit	Page
Profile of Contributors		
The Restaurant Industry Dollar	Chart 2	44
A Profile of Participating Food and Beverage Restaurants	B-1	45
Highlights		46
Performance Measurements		
Net Income Differential	B-2	46
Return on Total Assets	B-3	48
Cost Per Dollar of Sales	B-4	49
Payroll and Related Expenses		
Breakdown of Payroll by Function—Ratio to Total Payroll	B-5	50
Analysis of Employee Data	B-6	51
Other Controllable Expenses		
Direct Operating Expenses	B-7	52
Advertising Expenses	B-8	54
Utilities Expenses	B-9	54
Administrative Expenses	B-10	56
Occupancy Costs		
Occupancy Costs and Depreciation—Amount Per Seat	B-11	58
Balance Sheet		
Balance Sheet Ratios	B-12	59
Investment Per Seat	B-13	59
Statements of Income and Expenses		
Amount Per Seat by:		
Type of Restaurant	B-14	60
Years of Business and Location	B-16	62
Affiliation and Sales Volume	B-18	66
Region	B-20	70
Menu Theme	B-22	74
Ratio to Total Sales by:		
Type of Restaurant	B-15	61
Years of Business and Location	B-17	64
Affiliation and Sales Volume	B-19	68
Region	B-21	72
Menu Theme	B-23	76

To the Reader:

Restaurant Industry Operations Report '82 is based on financial and operating data provided by members of the National Restaurant Association. The data analysis and compilation were performed by the national accounting firm of Laventhol & Horwath and the report was published by the NRA. Approximately 475 questionnaires were received from members of the NRA and 352 were used as the basis for this report. This unique study of the operating results of restaurants in 1981 includes specific financial information on full and limited menu tableservice restaurants, operators with no tableservice (fast food) and cafeterias.

The data have been compiled on the basis of type of restaurant, location, affiliation, years of operation, sales volume, menu theme and other significant categories. Separate sections of the report cover the analysis of those restaurants that serve only food and of those serving food and alcoholic beverages.

Generally, operating results are expressed as amounts per restaurant seat and ratios to total sales, the most common bases used in the industry. The amounts and ratios in the exhibits and text are the medians and upper and lower quartiles of those reporting the data, unless otherwise noted. They are intended to be used as guidelines, not as standards or goals. They are not an attempt by the National Restaurant Association or Laventhol & Horwath to set or conform prices or operating ratios for the industry. The results of the operations studied can become a basis for comparison with your operation by using the worksheet in the back of the report and the appropriate figures from the schedules. We believe that evaluation of the variances revealed by that comparison can be helpful.

We sincerely appreciate the cooperation of those NRA members who supplied complete data for their restaurants, making this study possible. However, the number of contributors to this report was smaller than in previous years. This decrease in participation comes at a time when demand for this study has risen dramatically. We urge all members of the National Restaurant Association to contribute in future years because increased participation will enhance the value of this report to the increasing number of users.

National Restaurant Association
John G. Dankos
Chairman of the Board and
President

Laventhol & Horwath
John D. Lesure, Partner
Director of Research and
Development

Explanatory Notes

Readers should be aware that the operators who participated in this study are not identical to those who participated in prior years' studies. This makes comparisons with previous data difficult because reporting ratios can be vastly different. However, comparisons of the information in these reports may be useful in identifying certain financial trends.

This is the first year that medians have been used in this report. In previous reports, arithmetic means were used for data analysis. (A median is the middle figure in a column of data arranged in regular sequence from high to low, or vice versa.) In addition, this is the first year we have provided operating ratio information using upper and lower quartiles. (The lower quartile is the dividing point between the lowest quarter and the upper three-quarters of the data group. The upper quartile is the dividing point between the highest quarter and the lower three-quarters of the data group. Thus, the lower quartile, median and upper quartile divide a series of figures into four equal parts. The results of the middle half of the restaurants fall between the lower and upper quartiles. On the other hand, the arithmetic mean is the average of all numbers in a data set.) The mean can be affected dramatically by very high or low numbers or ratios. We believe that this change to medians will benefit users of the study because medians more accurately reflect the mid-point of the analyzed data.

Readers should be aware, however, that columns composed of medians and quartiles may not add to the totals shown in the exhibits in this report. Therefore, users of the report should fully understand this change in the methodology of data presentation before making comparisons with previous studies.

Exhibits detailing controllable expenses have been modified slightly from previous studies. The upper and lower quartiles are shown as both amounts per seat and ratios to total sales. In addition, the percentage of the reporting restaurants incurring the various expenses is presented. This information not only will enable readers to determine how common a particular expense was, but will help them understand why a column of medians or quartiles may not add to the totals shown. All respondents either did not incur every expense or did not provide enough detailed information regarding the breakdown of their expenses to permit further analysis. (For example, in Exhibit A-7, 100 percent of the participating restaurants incurred direct operating expenses but only 38.2 percent reported what portion of those expenses went to uniforms.)

The diagrams on pages 9 and 44 of this report give the breakdown of the restaurant industry dollar in 1980 and 1981 for food only restaurants and for food and beverage restaurants. Readers will note that net income before taxes as a percentage of total sales decreased considerably for food only restaurants, probably reflecting the more difficult operating environment for these establishments. The net income before taxes as a percentage of total sales for the food and beverage restaurants remained unchanged between 1980 and 1981. This may reflect the greater number of independent restaurants (as opposed to chain operators) participating, and their ability to respond more quickly to economic changes.

Readers also might note that advertising and promotion expenses as a percentage of total sales declined significantly between 1980 and 1981 for food only restaurants. Since many operators continued to use promotions to attract new and repeat business, some readers might wonder how advertising and promotion expenses could decline. The most plausible explanation is the different composition of the groups of operators who participated in the two studies. Last year's report included a greater proportion of limited menu no tableservice operators than this year's, and establishments of this type traditionally have used restaurant promotions extensively.

Between 1980 and 1981, food costs as a percentage of total sales for food only and for food and beverage operations declined while payroll and employee benefit expenses rose. Readers may remember that food prices at the wholesale level registered their smallest increase in five years in 1981. However, labor costs continued to rise as the underlying rate of inflation continued at a high level, and workers required wage increases to keep pace with or surpass the overall advance in consumer prices.

In many cases, the ratios presented in "The Restaurant Industry Dollar" diagrams (pages 9 and 44) are not the same as those presented in the more detailed tables shown in each section of this report. Operators did not always provide complete information for a particular line item, but they did provide sufficient overall operating ratio data for use in this study. As a result, data presented in the detailed tables are based only on those who supplied the information for each line item, while data in "The Restaurant Industry Dollar" charts have been weighted so that each segment has a similar sample size. (For example, if 352 respondents provided data on payroll costs but only 300 respondents provided data on advertising and promotion expenses and 320 provided data on utilities, each expense item would be weighted to reflect a similar sample size of 352.) This difference in information from respondent to respondent also explains why ratios calculated from the amount per seat exhibits do not necessarily equal those shown in the ratio to total sales exhibits.

The Restaurant Industry

The foodservice industry, including the commercial restaurant segment, is one of the most important and dynamic industries in the country. Industry sales of more than $133 billion in 1982 equal nearly 5 percent of the nation's gross national product. The more than 560,000 separate establishments employ eight million people, a large percentage of whom are teenagers. More than 77 million customer transactions occur each day in commercial foodservice establishments, and nearly 80 percent of all families report that they eat out regularly. The typical person in this country consumes approximately 20 percent of all meals away from home.

Industry sales advanced at a rapid rate during the first half of the 1970s, but began to slow by the end of the decade. (See accompanying chart.) Between 1970 and 1975, sales for commercial restaurants rose at an average annual rate of 10.9 percent in current dollars; during the last half of the decade, growth slowed slightly to a 10.6 percent average annual gain. Real sales growth (adjusted for inflation) during these same two periods showed considerable differences—a 3.5 percent average annual increase for the 1970-1975 period compared with 2.7 percent for the 1975-1980 period. Real sales declined slightly during the 1974 recession, down 0.2 percent, but bounced back sharply in the following years. However, real sales again declined in 1979 and 1980, down 0.7 percent and 1 percent respectively.

Sales (adjusted for inflation) for commercial restaurants have improved in the past two years, up 0.6 percent in 1981 and an estimated 1.6 percent in 1982. A weak economy coupled with high unemployment and slow growth in personal income have affected industry sales. As a result, real sales gains have not reached the magnitude of the gains achieved after the 1974-1975 recession.

Restaurant operators, faced with declining customer counts and real sales in 1979 and 1980, resorted to increased usage of promotions to attract new and repeat business. Although customer traffic, as measured by CREST (Consumer Reports On Eating Share Trends), has risen in the past two years (up 1.8 percent in 1981 and 1 percent in 1982), restaurateurs have continued to use promotions to increase customer counts and sales. Many of these promotions are intended to increase the price/value relationship of a meal away from home, and incentives offering reduced prices or two menu items for the price of one have won high consumer acceptance.

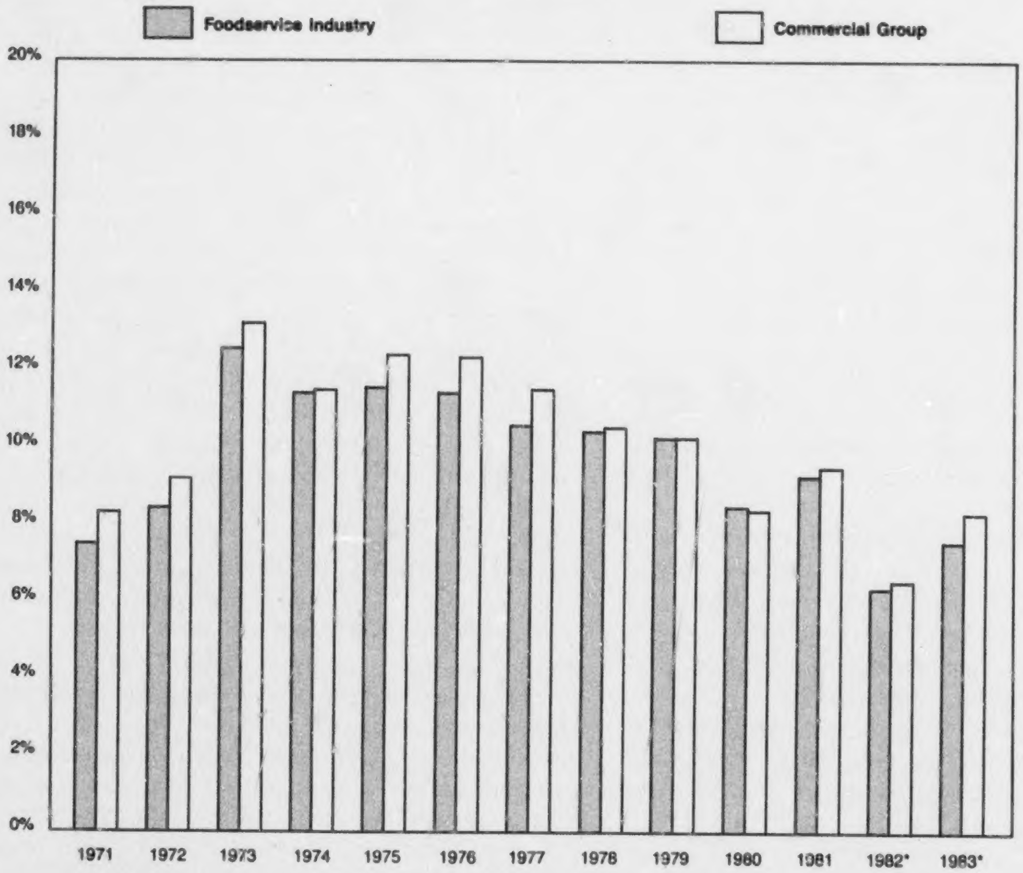
An improved economy in 1983 will give the industry a boost. Continued low inflation, rising incomes, lower interest rates and an improved employment picture will all have a positive impact on the restaurant industry. In addition, long-term demographic and social trends will continue to favor the industry. These trends include increasing numbers of working wives, more affluent two-income households, smaller families and a somewhat older population.

The successful restaurant of the future will place considerable emphasis on improving service and atmosphere and offering customers increased value for the dollar. As competition intensifies, quality operations will deliver what the sophisticated patron expects—good food, friendly service and a nice atmosphere, all for a worthwhile price.

Operators have been developing and using sophisticated marketing and merchandising plans to attract patrons and increase profitability. More restaurants are identifying and studying their patrons. Market segmentation and repositioning to meet the consumer's needs are becoming more commonplace. In addition, operators have become increasingly cognizant of the necessity to develop and implement cost controls in order to hold menu prices in line.

The restaurant industry continues to prepare itself for the future and the changing needs and desires of the consumer. Restaurateurs are becoming more knowledgeable about their customers and are finding ways to take advantage of the changing operating environment.

Research and Information
Service Department
National Restaurant Association



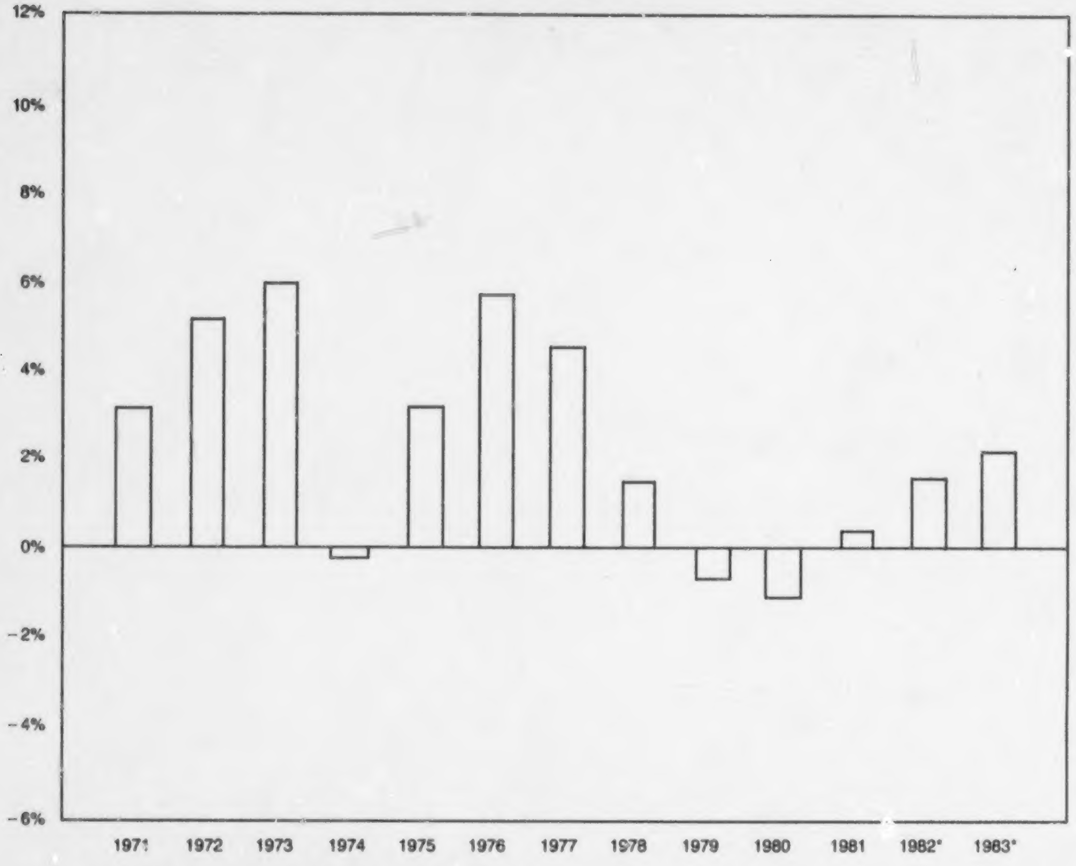
Percent Change in Dollar Sales, 1971-1983
(Current Dollars)

*Estimates.

NOTE: Foodservice industry sales include all meal and snack sales at commercial restaurants, institutional organizations, hotel/motel restaurants and food contractors. Commercial group sales include all meal and snack sales at commercial restaurants, food contractor outlets, hotel/motel restaurants, retail host restaurants.

SOURCE: National Restaurant Association.

Commercial Restaurant Group
Percent Change in Dollar Sales, 1971-1983
(Constant Dollars)



*Estimates.

NOTE: Commercial restaurant group sales include all meal and snack sales at commercial restaurants, food contractor outlets, hotel/motel restaurants and retail host restaurants.

SOURCE: National Restaurant Association.

The Restaurant Study
Operating Results of Restaurants—1981

By Mark V. Lomanno and Randell A. Smith
Research and Development Division
Laventhol & Horwath

Bases of analysis

The restaurants participating in this study constitute a broad cross section of the industry. This diversity allows us to continue the extensive analysis for different categories and breakdowns that was begun in *Restaurant Industry Operations Report '81*.

As in the past, the study is divided into two main sections: restaurants serving food and nonalcoholic beverages and restaurants serving food and alcoholic beverages. Since operating results differ significantly between the two groups, each group is analyzed separately by menu theme, type of restaurant, location, region of the country, sales volume, years in business and affiliation. The categories used are similar to those in the 1979 and 1981 reports. Reference to previous studies (particularly last year's) is made in numerous sections of this year's report where year-over-year comparisons are made. Readers should note that the figures in the 1982 report pertain to the operating results of 1981.

The comments and exhibits are presented in terms of amounts per seat and percentage of sales, common bases of measurement in the industry. The number of seats includes those in public dining areas, bars and lounges, and banquet facilities. The ratios to total sales are based on total food and beverage sales except for the cost of food sold and the cost of beverages sold, which are percentages of their respective sales. Most of the figures used are the medians and upper and lower quartiles and do not necessarily add to the totals shown. Each line item has been analyzed separately and the medians and quartiles are based on the information submitted for that line item only, since not all restaurants reported data for each line. We also use the arithmetic mean where appropriate. For example, the figures in "The Restaurant Industry Dollar" (pages 9 and 44) are based on means to express absolute values rather than the relative position of the operating results of the restaurants in the samples, which are shown by the medians.

As stated in the "Explanatory Notes," this is the first year that medians have been used in the presentation of this report. The analyst should be fully aware of this change when making comparisons with previous studies.

Section A—Food Only Restaurants

The restaurant industry dollar

The source and distribution of the restaurant industry dollar for food only restaurants in 1980 and 1981 are illustrated in Chart 1. While only a small amount of the revenue was represented by other income sources in both years, this portion was considerably less in 1981 than the figure reported in 1980, 0.6 percent compared with 1.9 percent.

The cost of food sold absorbed 36.5 cents of the sales dollar in 1981 compared with 38.4 cents in 1980, a decline of about 5 percent. This drop reflected the slowest rise in wholesale food prices since 1976. According to the National Restaurant Association's Food Cost Index (which reflects wholesale food costs for restaurants), food prices rose 3 percent in 1981 compared with gains of 5 percent, 12.2 percent, 11.2 percent and 5.8 percent in the four prior years and a decline of 1.5 percent in 1976. As a

CHART 1
THE RESTAURANT INDUSTRY DOLLAR
FOOD ONLY RESTAURANTS

1980	WHERE IT CAME FROM	1981
98.1	**Food Sales**	99.4
1.9	**Other Income**	.6
	WHERE IT WENT	
38.4	**Cost of Food Sold**	36.5
	Controllable Expenses	
27.3	Payroll	28.6
4.0	Employee Benefits	4.2
4.7	Direct Operating Expenses	4.8
.1	Music and Entertainment	0
3.8	Advertising and Promotion	2.4
3.0	Utilities	3.5
3.4	Administrative and General	4.6
1.4	Repairs and Maintenance	2.1
	Occupation Costs	
5.4	Rent, Property Taxes and Insurance	6.5
1.3	Interest	.6
1.9	Depreciation	2.2
(.1)	Other Additions or Deductions	(.3)
5.4	Net Income Before Income Taxes	4.3

result, restaurateurs were better able to offset any increases in food costs.

Despite this moderate rise in the cost of food, 1981 was a difficult year for restaurants participating in the study as controllable expenses climbed to more than 50 percent of sales. Sharp increases in administrative and general expenses and utilities costs contributed to the jump. A larger portion of the sales dollar was devoted to payroll and employee benefits, further eroding the profit margins of participating restaurants. In addition, higher rent, property taxes, insurance and depreciation costs in 1981 resulted in a net income of 4.3 percent, substantially lower than the 5.4 percent profit figure reported in 1980.

Profile of participants

The 137 restaurants in this section serve food but no alcoholic beverages. The following summary of characteristics representing the typical participating food only restaurant has been taken from the appropriate measures of central tendency (arithmetic mean or median). This background information, as well as that in Exhibit A-1, may be helpful when comparing operating results.

- More than 5 years old and located in the suburbs.
- Privately owned corporation.
- Part of a multi-unit, company-operated chain, with tableservice and offering a full menu.
- Average of 196 seats, ranging from 20 to 800.
- Leases land and building and located in a detached facility.
- Occupies 4,126 square feet of space, half of which is the dining area.

Highlights

- Median food sales per seat for the food only restaurants in this study were $4,114 in 1981.
- Median food costs were $1,515 per seat in 1981.
- The median check was $2.99 and the average daily seat turnover was 4.13.
- Return on total assets was 23.6 percent, with a net income before income taxes of 4.3 percent of total sales.
- Total sales per full-time equivalent employee were $21,811.

Exhibit A-1
A Profile of Participating Food Only Restaurants

Years in Business:	**Percentage of Respondents**
Under 5 years	14.6%
5 to 10 years	42.3
Over 10 years	43.1
Type of Restaurant:	
Cafeteria	10.2%
Limited Menu—No Tableservice	25.5
Full Menu—Tableservice	38.7
Limited Menu—Tableservice	16.1
All Others	9.5
Region:*	
Northeast	20.0%
North Central	37.6
South	22.4
West	20.0
Location:	
Urban	33.3%
Suburban	47.0
Rural	19.7
Affiliation:	
Single Unit—Independent	20.1%
Multi-Unit—Company Operated	47.0
Multi-Unit—Franchisee Operated	32.9

Sales Volume:	**Percentage of Respondents**
Under $400,000	41.6%
$400,000 to $799,999	34.4
$800,000 and Over	24.0
Profit Versus Loss:	
Net Profit	75.9%
Net Loss	24.1
Separate/Detached Building:	
Yes	58.5%
No	41.5
Lease Versus Own:	
Own Land and Building	37.0%
Lease Land and Building	63.0
Competition:	
Intense	52.6%
Average	38.7
Mild	8.7
Ownership:	
Sole Proprietorship	15.3%
Partnership	5.1
Public Corporation	8.8
Private Corporation	70.8
Menu Theme:	
American	48.1%
Sandwiches/Hamburgers	13.0
All Others**	38.9

*Northeast: CT, ME, MA, NH, NJ, NY, PA, RI, VT.
North Central: IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI.
South: AL, DC, DE, FL, GA, KY, LA, MD, MS, OK, NC, SC, TN, TX, VA, WV.
West: AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY.

**Includes steak, seafood, steak and seafood, chicken, salad bars and specialty sandwiches.

Net income

Exhibit A-2 illustrates the statement of income and expenses for food only restaurants reporting either a net income or a net loss. Median total sales per seat for restaurants reporting a net income were $4,435, compared with $4,004 for the net loss group. Restaurants reporting a net loss showed a lower sales per seat figure but higher total controllable expenses and total occupation costs compared with the income-producing segment. The higher controllable expenses incurred by the restaurants with a net loss were mainly a result of larger payroll and utilities expenses. As a ratio to total sales, occupation costs (particularly rent, property taxes and insurance) were

Exhibit A-2
Food Only
Net Income Differential

	Amount Per Seat					
	Net Income			Net Loss		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,721	$4,435	$7,201	$2,421	$4,004	$5,465
Total Cost of Sales	$ 944	$1,528	$2,597	$ 866	$1,397	$2,242
Gross Profit	$1,777	$2,757	$4,657	$1,579	$2,428	$3,363
Other Income	$ 11	$ 21	$ 89	$ 1	$ 12	$ 79
Total Income	$1,785	$2,757	$4,662	$1,579	$2,428	$3,379
Controllable Expenses						
Payroll	$ 798	$1,177	$1,820	$ 648	$1,246	$1,618
Employee Benefits	81	176	263	113	175	231
Direct Operating Expenses	68	176	259	86	141	309
Music & Entertainment	2	3	5	2	3	4
Advertising & Promotion	20	64	291	12	37	262
Utilities	107	160	248	128	190	321
Administrative & General	38	69	210	17	141	256
Repairs & Maintenance	43	73	114	42	78	149
Total Controllable Expenses	$1,466	$2,035	$3,177	$1,262	$2,055	$3,121
Income Before Occupation Costs	$ 432	$ 805	$1,441	$ 123	$ 331	$ 540
Occupation Costs						
Rent, Property Taxes & Insurance	$ 130	$ 329	$ 543	$ 156	$ 333	$ 549
Interest	8	35	86	2	18	146
Depreciation	46	78	139	68	111	209
Total Occupation Costs	$ 165	$ 351	$ 606	$ 277	$ 435	$ 722
Net Income Before Other Deductions	$ 148	$ 318	$ 875	$ (232)	$ (90)	$ (27)
Other Additions & Deductions	(1)	(26)	(177)	(6)	(57)	(119)
Net Income (Loss) Before Income Taxes	$ 130	$ 298	$ 875	$ (338)	$ (90)	$ (50)
Other Data						
Average Receipt Per Cover						
Average Daily Seat Turnover						
Productivity Index						

significantly larger for the net loss group, 8.4 percent compared with 6.6 percent. These higher costs were an important factor in the group's net loss.

Interestingly, the median average receipt per cover was 25 cents higher for the net loss group than for the solvent group. However, the income-producing group reported a much broader range of average receipts per cover as illustrated by the considerably higher upper quartile recorded by this group. Also contributing to the net loss group's negative profit picture was the considerably lower average daily seat turnover, a median of 3.57 compared with 4.81 for the profitable establishments.

Ratio to Total Sales

Net Income			Net Loss		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
3.26%	34.8%	39.4%	34.8%	38.2%	42.6%
61.7%	65.2%	67.4%	57.4%	61.8%	65.2%
.3	.7	2.3	0	.3	1.5
61.3%	65.5%	67.8%	57.8%	63.6%	65.2%
23.6%	27.3%	31.4%	24.7%	27.9%	33.5%
2.8	3.8	4.6	3.5	4.4	5.1
2.2	3.8	4.6	2.9	4.6	5.3
0	.1	.14	.1	.1	.11
.6	1.6	5.9	.4	1.3	6.6
2.6	3.6	4.5	3.6	5.2	6.5
1.2	2.1	4.8	.5	3.7	8.0
1.1	1.6	2.4	1.4	2.2	3.4
41.6%	45.9%	50.7%	46.7%	51.8%	57.5%
14.0%	18.7%	22.6%	2.8%	8.2%	15.7%
4.6%	6.6%	9.8%	4.1%	8.4%	15.4%
.3	.7	3.0	.1	.8	4.4
1.1	2.0	3.0	2.1	3.2	5.4
5.7%	8.5%	11.6%	7.9%	11.9%	17.3%
4.5%	9.1%	13.7%	(10.5)%	(2.7)%	(.5)%
(.2)	(1.6)	(3.0)	(.3)	(2.0)	(3.8)
4.0%	8.3%	12.9%	(12.0)%	(2.9)%	(.8)%
$2.17	$2.99	$4.29	$2.38	$3.24	$3.88
2.57	4.81	7.57	2.36	3.57	6.17
2.83	3.26	3.79	2.61	3.17	3.38

Return on total assets

A restaurant's return on investment is a function of its asset productivity, or sales per dollar of total assets, and its profit margin, or earnings ratio. Exhibit A-3 presents these ratios for various types of food only restaurants. Sales per dollar of total assets for all food only restaurants was $4.07 in 1981. Restaurants with lower asset levels that lease the land and buildings reported higher sales per dollar of total assets than their counterparts that own both the land and buildings, $4.20 compared with $2.68. However, the earnings ratio and return on total assets for those restaurants that own the land and buildings were higher. By type of restaurant, limited menu no tableservice reported the highest asset productivity.

Exhibit A-3
Food Only
Return on Total Assets*

	Sales Per Dollar of Total Assets	Earnings Ratio	Rate of Return
All Food Only Restaurants	$4.07	5.8%	23.6%
Lease Land and Building	4.20	4.4	18.5
Own Land and Building	2.68	10.5	28.1
Restaurant Occupies:			
Separate or Detached Building	4.27	4.7	20.1
Attached Building	1.96	6.2	12.2
Type of Restaurant			
Cafeteria	3.42	4.3	14.7
Limited Menu–No Tableservice	5.58	10.3	57.5
Full Menu–Tableservice	6.16	4.5	27.7
Limited Menu–Tableservice	1.69	4.7	7.9

*Based on medians of those providing detail.

Cost of sales

An analysis of the prime cost and its two components, cost of goods sold and payroll, is presented in Exhibit A-4. Limited menu tableservice restaurants and restaurants located in rural areas reported the highest total cost of sales and payroll per dollar of sales at 68.5 cents. By type of restaurant, there was some variability in total cost of sales. However, participating restaurants reported wide fluctuations in payroll costs. For example, payroll expenses for cafeterias amounted to 32.2 cents of the sales dollar compared with 21.6 cents for limited menu no tableservice operators. The prime cost for net loss restaurants was higher than for income-producing restaurants, 66.1 and 62.1 cents of the sales dollar respectively, illustrating that cost savings measures can help restaurants improve profitability.

Exhibit A-4
Food Only
Cost Per Dollar of Sales

	Total Cost of Sales	Total Payroll	Prime Cost
All Food Only Restaurants	36.3¢	26.9¢	63.2¢
Type of Restaurant			
Cafeteria	34.8	32.2	67.0
Limited Menu–No Tableservice	38.2	21.6	59.8
Full Menu–Tableservice	34.6	27.1	61.7
Limited Menu–Tableservice	37.1	31.4	68.5
Location			
Urban	37.8	26.2	64.0
Suburban	36.4	29.0	65.4
Rural	40.9	27.6	68.5
Profit Versus Loss			
Net Profit	34.8	27.3	62.1
Net Loss	38.2	27.9	66.1
Ownership			
Sole Proprietorship	40.3	26.0	66.3
Partnership	39.4	26.8	66.2
Public Corporation	38.8	15.8	54.6
Private Corporation	34.8	27.6	62.4
Menu Theme			
American	37.7	16.2	53.9
Sandwiches/Hamburgers	36.4	26.0	62.4
All Others*	36.0	27.7	63.7

*Includes steak, seafood, steak and seafood, chicken, salad bars and specialty sandwiches.

Payroll

A breakdown of the payroll dollar for all food only restaurants by type of restaurant and location is presented in Exhibit A-5. Cafeterias and limited menu restaurants with and without tableservice allocated the largest portion of their payroll expenses to service costs but expended a relatively small portion for preparation labor. In restaurants offering a full menu with tableservice, higher amounts of the payroll dollar went toward preparation and sanitation. A comparison of restaurants by location reveals that operations in suburban areas spent the largest portion of their payroll dollar, 62.4 percent, on service. Restaurants located in urban areas spent a relatively large portion of their payroll dollar, 26.2 percent, on preparation.

Exhibit A-6 is an analysis of employee information for food only restaurants. The participating food only restaurants had an average of 26 employees or 20 full-time equivalent employees, with a productivity index of 3.29. This index is calculated by taking total sales and dividing it by net payroll and related expenses. Limited menu restaurants without tableservice reported the best results, with the highest sales per full-time equivalent employee ($26,603), the lowest payroll per full-time equivalent employee ($6,399) and a median productivity index of 4.17.

Exhibit A-5
Food Only
Breakdown of Payroll by Function—Ratio to Total Payroll*

		Type of Restaurant				Location		
	Total	Cafeteria	Limited Menu No Tableservice	Full Menu Tableservice	Limited Menu Tableservice	Urban	Suburban	Rural
Function								
Service	57.0%	71.4%	69.0%	41.9%	64.7%	47.0%	62.4%	54.5%
Preparation	17.1	8.1	10.9	28.0	12.4	26.2	11.4	21.2
Sanitation	3.5	2.7	.4	8.3	.8	4.3	2.2	5.9
Administrative & General	21.3	17.1	19.7	19.5	22.1	22.3	23.3	15.4
Other	1.1	.7	0	2.3	0	.2	.7	3.0
Total Payroll	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean of those providing detail.

Exhibit A-6
Food Only
Analysis of Employee Data*

		Restaurants Reporting		Location			Type of Restaurant			
	Total	Net Income	Net Loss	Urban	Suburban	Rural	Cafeteria	Limited Menu No Table-service	Full Menu Table-service	Limited Menu Table-service
Number of Employees Per Restaurant										
Full-Time	6	8	10	6	8	12	45	4	8	7
Part-Time (20-35 Hours)	10	10	10	9	12	5	6	9	10	10
Part-Time (Less Than 20 Hours)	10	10	10	10	6	4	2	6	15	8
Total	26	28	30	25	26	21	53	19	33	25
Full-Time Equivalent Employees										
Total	20.0	23.8	20.0	13.6	22.1	28.9	52.5	11.3	20.0	22.5
Per 100 Restaurant Seats	20.0	20.0	20.0	24.3	19.9	22.7	14.4	24.7	20.0	23.1
Per 100 Average Daily Covers	5.0	4.9	5.4	3.8	5.9	5.8	3.9	1.8	6.2	3.8
Total Sales Per Full-Time Equivalent Employee	$21,811	$23,288	$22,009	$23,348	$22,340	$20,550	$23,422	$26,603	$20,466	$18,061
Payroll Per Full-Time Equivalent Employee	$ 6,816	$ 6,884	$ 7,282	$ 6,813	$ 7,069	$ 6,939	$ 9,159	$ 6,399	$ 6,826	$ 6,760
Index of Productivity	3.29	3.26	3.17	3.34	3.04	3.23	2.77	4.17	3.19	2.76

*Based on those providing detail.

Other controllable expenses

Direct operating expenses

As Exhibit A-7 illustrates, the participating food only restaurants spent a median of $185 per seat on total direct operating expenses, with the largest portion being absorbed by cleaning and paper supplies. This exhibit also shows the upper and lower quartiles of direct operating expenses, both as amounts per seat and ratios to total sales. The percentage of the reporting restaurants incurring the various expenses also is presented.

In addition to amounts per seat and ratios to total

Exhibit A-7
Food Only
Direct Operating Expenses

		Amount Per Seat			Ratio to Total Sales		
	Percentage of Respondents Reporting	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Uniforms	38.2%	$ 4	$ 8	$ 43	.1%	.2%	.8%
Laundry & Linens	52.2	8	16	26	.3	.4	.5
China & Glassware	36.8	10	20	29	.3	.5	.7
Silverware	27.9	2	3	7	.1	.1	.1
Kitchen Utensils	17.6	7	11	21	.1	.2	.4
Kitchen Fuel	4.0	**	**	**	**	**	**
Cleaning Supplies	55.1	18	25	73	.4	.6	1.0
Paper Supplies	51.5	33	55	91	1.0	1.3	1.9
Guest Supplies	25.0	9	15	53	.2	.3	1.3
Menus & Wine Lists	10.3	4	11	20	.1	.2	.3
Contract Cleaning	26.5	5	11	23	.1	.3	.5
Exterminating	28.7	4	11	17	.1	.3	.5
Flowers & Decorations	8.8	1	2	7	0	0	.2
Auto Expense	30.9	6	17	34	.2	.4	1.0
Licenses	33.8	1	3	56	0	.1	.8
Banquet Expense	0	0	0	0	0	0	0
All Other	54.4	2	5	25	.1	.2	.6
Total	100.0%	$108	$185	$305	2.8%	4.2%	5.3%

*Based on arithmetic mean of those providing detail.
**Insufficient data.

sales, each expense expressed as a ratio to total direct operating expenses is presented by type of restaurant and sales volume. Limited menu tableservice operations expended a larger portion of their operating expenses dollar on uniforms and guest supplies than did other types of restaurants. An analysis of the results by sales volume shows most figures to be comparable across the three categories. However, restaurants with sales volumes in excess of $800,000 spent more on such things as laundry and linen, china and glassware, and flowers and decorations.

Ratio to Total Direct Operating Expenses*

	Type of Restaurant				Sales Volume ($000)		
Total	Cafeteria	Limited Menu No Tableservice	Full Menu Tableservice	Limited Menu Tableservice	Under $400	$400 to $799	$800 and Over
5.2%	.3%	3.7%	3.0%	14.8%	7.0%	4.8%	1.3%
8.8	10.3	9.5	9.5	6.0	8.2	8.9	10.3
6.2	6.0	1.4	10.8	1.9	4.3	7.5	8.4
1.3	1.2	.6	2.3	0	.4	2.3	1.5
2.3	2.6	2.5	1.9	3.0	2.0	1.7	4.0
1.2	4.3	0	2.0	0	0	2.9	.8
15.6	17.2	18.1	15.9	12.6	14.2	16.8	16.6
23.0	20.8	15.1	26.0	25.3	19.9	25.8	25.4
4.2	0	0	5.1	11.7	4.5	4.8	2.1
.9	0	0	1.0	1.4	.9	.5	1.8
4.4	5.0	6.3	5.7	0	4.8	5.4	1.3
3.3	4.6	1.2	6.4	.7	3.3	3.2	3.7
.3	2.4	0	.1	0	0	.2	1.1
7.0	8.8	4.4	4.3	13.1	9.2	4.6	6.2
8.2	.4	27.4	.4	3.1	10.9	6.7	4.2
0	0	0	0	0	0	0	0
8.1	16.1	9.8	5.6	6.4	10.4	3.9	11.3
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Advertising and promotion

As Exhibit A-8 shows, reporting restaurants spent a median of $103 per seat on advertising expenses in 1981. Interestingly, the amount spent on total advertising expenses as a ratio to total sales varied widely, as the large differences between the upper and lower quartiles illustrate. However, while 98.5 percent of the respondents indicated that they had advertising expenses in 1981, only a small percentage presented a detailed analysis of how the total advertising dollar was spent. Different types of restaurants showed little similarity in the portion of the advertising dollar spent on the various expenses. For example, limited menu tableservice restaurants reported that 36.2 percent of their advertising expenditures were for direct mail circulars and entertainment and sales promotion, while full menu tableservice facilities used only 6.5 percent of their advertising dollar for the same expenses. When advertising is analyzed by sales volume, however, most of the figures show little

Exhibit A-8
Food Only
Advertising Expenses*

	Percentage of Respondents Reporting	Amount Per Seat			Ratio to Total Sales		
		Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Newspapers & Magazines	18.4%	$ 6	$ 19	$ 34	.2%	.5%	1.3%
Direct Mail Circulars	3.0	**	**	**	**	**	**
Advertising Agency Fees	3.0	**	**	**	**	**	**
Outdoor Signs	3.0	**	**	**	**	**	**
Radio & TV	7.4	11	60	106	.4	1.4	2.0
Programs & Directories	3.0	**	**	**	**	**	**
Prizes & Favors	5.9	3	6	21	.1	.2	.5
Donations	8.8	1	3	4	0	.1	.1
Entertainment & Sales Promotion	10.3	3	6	16	.1	.1	.2
All Other	9.6	2	9	125	0	.2	2.0
Total	98.5%	$29	$103	$295	.8%	2.9%	6.5%

*Based on those providing detail. Excluding franchise fees.
**Insufficient data.
N—Negligible.

Exhibit A-9
Food Only
Utilities Expenses*

	Percentage of Respondents Reporting	Amount Per Seat			Ratio to Total Sales		
		Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Electricity	35.3%	$ 72	$133	$203	2.0%	2.6%	3.6%
Electric Bulbs	9.6	1	2	4	.0	.1	.1
Water	26.5	5	10	19	.1	.2	.4
Waste Removal	19.9	7	11	19	.1	.3	.4
Heat/Fuel	25.7	21	39	63	.6	.8	1.1
Engineers' Supplies	1.5	**	**	**	**	**	**
Miscellaneous	8.8	48	124	242	.9	2.0	3.6
Total	97.8%	$127	$181	$251	3.0%	4.0%	5.5%

*Based on those providing detail.
**Insufficient data.

difference among the subgroups.

Utilities

As exhibit A-9 shows, the cost of electricity was 64.8 percent of total utility expenses for the participating restaurants, ranging from 49.1 percent for limited menu no tableservice restaurants to 78.1 percent for full menu tableservice operations. At 2.6 percent, the median value recorded for electricity as a ratio to total sales was by far the largest single expense item reported by the food only restaurants in 1981. A tendency to spend the utility dollar differently by type of restaurant was noted. Heat and fuel expenses for cafeterias and limited menu tableservice restaurants accounted for a relatively large share of the utility dollar. However, full menu tableservice operations allocated most of their utility expenses to electricity.

Ratio to Total Advertising Expenses

	Type of Restaurant				Sales Volume ($000)		
Total	Cafeteria	Limited Menu No Tableservice	Full Menu Tableservice	Limited Menu Tableservice	Under $400	$400 to $799	$800 and Over
41.3%	81.9%	15.7%	73.1%	12.8%	30.7%	49.6%	44.8%
6.7	0	6.9	0	15.3	3.7	2.7	11.9
6.0	0	9.1	0	3.0	2.1	0	13.3
3.7	0	8.8	N	7.1	10.4	.5	0
13.7	15.5	8.5	.2	29.6	10.1	18.6	13.5
.6	0	.6	2.9	0	1.9	0	0
4.5	0	.7	11.9	1.7	7.1	3.0	3.3
1.8	.6	1.3	4.0	3.6	2.8	1.3	1.4
7.3	.6	5.0	6.5	20.9	7.5	3.3	9.5
14.6	1.4	43.4	1.4	6.0	23.7	21.0	2.3
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Ratio to Total Utilities Expenses

	Type of Restaurant				Sales Volume ($000)		
Total	Cafeteria	Limited Menu No Tableservice	Full Menu Tableservice	Limited Menu Tableservice	Under $400	$400 to $799	$800 and Over
64.8%	70.3%	49.1%	78.1%	53.7%	51.9%	72.0%	73.6%
.5	1.6	0	.4	.1	.1	.7	.6
4.2	5.9	3.1	3.5	7.3	4.3	3.4	5.2
4.2	0	4.9	6.4	9.0	5.2	5.7	1.5
14.8	22.2	8.7	10.1	26.9	15.6	10.8	18.0
.1	0	0	0	0	.5	0	0
11.3	0	34.2	1.5	3.0	22.9	6.9	1.1
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Administrative and general

Administrative expenses for the food only restaurants supplying information were $99 per seat or 2.7 percent of total food sales. As shown in Exhibit A-10, 98.5 percent of the participating restaurants reported administrative expenses, with a large percentage giving a detailed breakdown of the various expense items. Telephone, general insurance and professional fees were the three largest categories,

Exhibit A-10
Food Only
Administrative Expenses*

	Percentage of Respondents Reporting	Amount Per Seat			Ratio to Total Sales		
		Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Printing, Stationery & Office Supplies	56.6%	$ 3	$ 8	$ 19	.07%	.1%	.4%
Data Processing	11.0	4	9	17	.2	.2	.3
Postage	44.1	1	1	2	0	0	.1
Telephone	81.6	5	8	16	.1	.2	.4
Dues & Subscriptions	37.5	1	3	5	0	.1	.2
Traveling Expenses	32.4	2	6	11	.1	.2	.4
Insurance—General	36.8	14	26	44	.4	.6	1.1
Fees on Credit Card Accounts	22.1	N	1	3	0	0	.1
Provision for Doubtful Accounts	10.3	N	1	4	0	.1	.1
Cash Shortages	55.9	1	3	8	0	.1	.2
Professional Fees	47.8	11	24	49	.3	.6	1.1
Protective & Bank Pickup	4.4	**	**	**	**	**	**
City Sales Tax	5.1	**	**	**	**	**	**
All Other	57.4	2	5	10	.1	.1	.3
Total	98.5%	$38	$99	$202	1.0%	2.7%	5.5%

*Based on those providing detail. Excluding management fees.
**Insufficient data.
N—Negligible.

accounting for 55 percent of total administrative expenses for participating restaurants. With the exception of the high expenditures for general insurance in cafeterias, different types of restaurants spent relatively similar amounts for administrative expenses. Restaurants with sales exceeding $800,000 spent a significantly higher amount to meet general insurance expenses compared with the other sales volume categories.

Ratio to Total Administrative Expenses

	Type of Restaurant				Sales Volume ($000)		
Total	Cafeteria	Limited Menu No Tableservice	Full Menu Tableservice	Limited Menu Tableservice	Under $400	$400 to $799	$800 and Over
8.8%	12.1%	14.7%	3.3%	11.8%	8.3%	9.9%	8.4%
1.7	1.7	1.0	.7	1.2	1.7	.2	4.1
.9	.6	1.9	.3	.4	1.2	.6	.5
21.2	11.7	31.5	21.3	17.4	26.4	19.5	13.1
2.7	3.4	1.1	2.8	3.1	2.7	2.8	2.5
4.0	1.7	3.0	3.2	9.2	4.3	3.2	4.5
16.8	41.5	9.5	18.1	8.5	9.1	13.9	37.8
2.4	0	0	4.6	1.4	1.8	3.0	2.6
.3	.3	N	.3	.3	.2	.2	.5
10.3	1.0	17.0	13.5	4.6	9.6	16.2	2.3
17.0	13.4	11.2	12.1	29.0	19.9	15.6	13.2
.2	.2	N	0	.3	N	.1	.7
2.8	8.1	0	3.4	4.0	2.5	4.1	1.4
10.9	4.3	9.1	16.4	8.8	12.3	10.7	8.4
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Occupancy costs

Exhibit A-11 shows the breakdown of occupancy costs as an amount per seat for various categories. Participating food only restaurants reported rent as their largest occupancy cost. Operations in the West and limited menu no tableservice restaurants showed the largest rent expenses, at $378 and $328 respectively. Limited menu tableservice restaurants and restaurants located in the South reported large depreciation expenses, $302 and $218 respectively, far exceeding any of the other categories. Taxes and property insurance showed little variability among the segments. However, interest costs varied widely by type of restaurant, ranging from $9 per seat for limited menu no tableservice restaurants to $80 per seat for full menu tableservice operations.

Balance sheet

Exhibit A-12 compares those ratios generally used to measure a business's financial position and ability to meet financial obligations. The ratios are based on the data obtained from those participants supplying complete financial statements. For an explanation of the basis of computation and the use of the ratios, refer to Chapter 10 of *Profitable Restaurant Management* by Kenneth I. Solomon and Norman Katz, published by Prentice-Hall. A copy of this publication is on file at:

National Restaurant Association
Information Service and Library
311 First Street, N.W.
Washington, D.C. 20001
Telephone (202) 638-6100

In addition to the balance sheet ratios, average investment per seat is computed for the establishments that occupy separate buildings and those providing sufficient detail. The comparison among various categories is shown in Exhibit A-13.

Exhibit A-11
Food Only
Occupancy Costs and Depreciation—Amount Per Seat*

		Type of Restaurant				Location			Region			
	Total	Cafeteria	Limited Menu No Table-service	Full Menu Table-service	Limited Menu Table-service	Urban	Suburban	Rural	North-east	North Central	South	West
Rent	$271	$275	$328	$232	$304	$259	$325	$300	$184	$273	$272	$378
Property Taxes	26	8	34	26	27	27	30	7	32	34	22	13
Other Taxes	1	39	2	1	16	8	9	1	1	2	3	48
Property Insurance	28	24	28	47	10	29	19	23	62	27	12	13
Interest	22	22	9	80	62	7	14	76	25	21	15	63
Depreciation	100	88	116	104	302	150	98	68	138	82	218	83

*Based on those providing detail.

Exhibit A-12
Food Only
Balance Sheet Ratios*

		Type of Restaurant				
	Total	Cafeteria	Limited Menu No Table-service	Full Menu Table-service	Limited Menu Table-service	All Others
Assets						
Current Ratio	$1.15	$1.22	$ .77	$1.15	$1.45	$1.40
Accounts Receivable Percentage of Total Sale	.3%	.3%	.1%	.5%	.1%	**
Food Inventory Turnover	40.1	39.3	46.8	32.0	26.5	37.7
Ratio of Net Book Value of Fixed Assets to Equity	.2	1.3	.2	.2	(.5)	(.4)
Liabilities & Equity						
Ratio of Current Liabilities to Total Liabilities	.9	.6	.6	1.0	1.0	1.0
Ratio of Debt to Equity	.3	.8	.1	.3	(.1)	.1

*Based on those companies providing complete information.
**Insufficient data.

Exhibit A-13
Food Only
Investment Per Seat

	Own Land and Building	Lease Land and Building
Land	$ 433	$ —
Building & Improvements	569	—
Furniture & Fixtures	486	403
Leasehold Improvements	—	1,436
Operating Equipment	508	513
Other Assets	183	31
Total	$1,399	$ 619

Summary

The next 10 exhibits present upper and lower quartiles and median amounts per seat and ratios to total sales for each of the various categories and subgroupings. The information contained in this section isolates results for different types of operations. To compare your restaurant with similar ones, use these figures to develop a composite analysis by years in operation, type of restaurant, location, affiliation, sales volume, region and menu theme. However, remember that when medians and quartiles are used, amounts and ratios cannot be totaled.

Readers should be especially careful when analyzing upper and lower quartiles. For example, restaurants with very high controllable expenses and occupation costs probably will fall into the upper

Exhibit A-14
Food Only
Statement of Income and Expenses—Amount Per Seat

	Type of Restaurant					
	Cafeteria			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$1,852	$2,992	$5,562	$4,167	$5,932	$8,408
Total Cost of Sales	787	1,101	1,838	1,682	2,325	3,508
Gross Profit	1,049	1,953	3,727	2,467	3,608	5,352
Other Income	8	12	95	5	11	23
Total Income	$1,055	$2,000	$3,859	$2,471	$3,634	$5,352
Controllable Expenses						
Payroll	$ 663	$1,057	$2,008	$ 777	$1,407	$1,815
Employee Benefits	94	155	265	112	154	244
Direct Operating Expenses	113	190	360	79	260	339
Music & Entertainment	1	4	6	2	4	14
Advertising & Promotion	7	23	34	142	298	501
Utilities	120	143	171	137	239	347
Administrative & General	47	104	351	59	176	346
Repairs & Maintenance	27	98	143	61	110	207
Total Controllable Expenses	$1,129	$1,814	$3,161	$1,720	$2,612	$4,546
Income Before Occupation Costs	$ 8	$ 397	$ 820	$ 457	$ 740	$2,168
Occupation Costs						
Rent, Property Taxes & Insurance	$ 66	$ 307	$ 510	$ 252	$ 390	$ 582
Income Before Interest & Depreciation	$ 124	$ 238	$ 802	$ 109	$ 426	$1,781
Interest	$ 2	$ 22	$ 54	$ 2	$ 9	$ 115
Depreciation	$ 53	$ 88	$ 98	$ 51	$ 116	$ 286
Restaurant Profit	$ 50	$ 167	$ 661	$ 121	$ 470	$1,510

quartile in the reporting of these costs. However, these same restaurants may fall into the lower quartile when income items are reported. As a result, each value reported for a particular line item will accurately reflect the upper quartile, median and lower quartile of the restaurants contributing information for that line item. However, using the entire upper or lower quartile figures to compare a statement of income and expenses may present the reader with conflicting revenue and expense figures. A restaurant with low expenses may not have correspondingly low revenue, and vice versa. Therefore, we urge all readers to take this into consideration when analyzing the results presented in this report.

Type of Restaurant					
Full Menu Tableservice			Limited Menu Tableservice		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$ 2,759	$4,102	$5,720	$ 2,295	$3,464	$5,457
1,084	1,516	2,099	875	1,358	1,589
1,768	2,659	3,447	1,382	2,115	3,494
2	14	92	2	19	354
$ 1,774	$2,659	$3,558	$ 1,615	$2,115	$3,495
$ 856	$1,113	$1,716	$ 623	$1,347	$1,813
116	175	264	65	158	230
109	170	251	173	277	383
1	3	5	3	3	3
39	96	227	35	174	318
128	191	247	74	159	249
14	44	134	96	138	181
38	60	90	38	72	123
$ 1,466	$1,926	$2,863	$ 1,249	$2,323	$3,183
$ 312	$ 665	$1,009	$ (391)	$ 168	$ 772
$ 151	$ 305	$ 542	$ 103	$ 341	$ 513
$ 115	$ 355	$ 783	$ (740)	$ 52	$ 983
$ 18	$ 80	$ 108	$ 7	$ 62	$ 251
$ 50	$ 104	$ 187	$ 77	$ 302	$ 422
$ (8)	$ 147	$ 476	$(1,175)	$ (330)	$1,003

Exhibit A-15
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Type of Restaurant					
	Cafeteria			Limited Menu No Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	33.6%	34.8%	41.8%	36.1%	38.2%	40.6%
Gross Profit	61.1%	65.3%	66.4%	58.7%	61.5%	63.8%
Other Income	.2	.5	3.7	.1	.2	.5
Total Income	58.8%	65.5%	67.4%	59.5%	61.9%	64.1%
Controllable Expenses						
Payroll	28.4%	32.2%	39.5%	15.9%	21.6%	25.0%
Employee Benefits	3.4	4.5	6.9	2.3	2.8	4.2
Direct Operating Expenses	3.6	5.0	9.3	2.0	2.7	4.8
Music & Entertainment	0	.1	.2	0	.1	.2
Advertising & Promotion	.3	.5	1.1	2.5	4.5	8.0
Utilities	3.0	3.8	4.6	2.8	3.9	4.6
Administrative & General	1.7	5.0	6.4	.7	3.2	6.1
Repairs & Maintenance	1.3	2.2	3.4	1.2	1.8	2.4
Total Controllable Expenses	45.7%	55.9%	67.3%	37.7%	43.2%	51.0%
Income Before Occupation Costs	(.8)%	12.3%	21.4%	8.8%	18.5%	23.8%
Occupation Costs						
Rent, Property Taxes & Insurance	3.2%	6.9%	10.2%	4.1%	6.0%	8.3%
Income Before Interest & Depreciation	4.2%	6.6%	17.6%	2.5%	11.0%	22.1%
Interest	.1%	.4%	3.0%	0%	.3%	2.6%
Depreciation	.8%	2.1%	4.5%	1.1%	2.0%	2.8%
Restaurant Profit	1.9%	4.4%	13.0%	3.6%	10.7%	17.7%

Type of Restaurant					
Full Menu Tableservice			Limited Menu Tableservice		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
33.3%	34.6%	39.5%	33.2%	37.1%	40.8%
60.5%	65.4%	66.8%	59.2%	62.9%	66.8%
.1	.5	1.6	.1	.4	4.4
60.6%	65.6%	67.1%	60.2%	64.2%	67.4%
24.5%	27.1%	31.1%	25.3%	31.4%	40.7%
3.3	4.2	4.8	2.4	3.9	6.2
3.4	4.0	4.8	2.8	5.4	9.3
0	.1	.1	.1	.1	.1
.6	2.9	6.5	1.2	3.2	8.7
3.3	4.4	5.8	3.0	4.3	5.8
.4	1.5	3.6	2.7	3.7	5.5
.9	1.5	2.5	1.2	1.8	2.7
42.3%	47.8%	51.3%	43.6%	53.5%	75.5%
11.9%	16.7%	20.0%	(11.3)%	10.4%	18.9%
3.9%	8.2%	13.3%	5.5%	7.3%	10.1%
2.7%	9.5%	17.3%	(18.8)%	1.9%	15.8%
.7%	1.2%	3.7%	.3%	.8%	5.4%
1.1%	2.7%	5.2%	3.4%	6.0%	10.6%
(.1)%	5.8%	10.3%	(31.4)%	(3.3%	6.1%

Exhibit A-16
Food Only
Statement of Income and Expenses—Amount Per Seat

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$ 2,615	$3,976	$5,579	$2,925	$4,099	$5,644	$2,652	$4,461	$8,075
Total Cost of Sales	934	1,388	2,166	1,112	1,452	$2,074	906	1,834	2,638
Gross Profit	1,633	2,446	3,413	1,818	2,690	$3,375	1,735	2,780	5,200
Other Income	16	41	86	3	9	41	8	14	93
Total Income	$ 1,633	$2,466	$3,437	$1,828	$2,690	$3,378	$1,773	$2,780	$5,259
Controllable Expenses									
Payroll	$ 824	$1,382	$1,816	$ 781	$1,083	$1,494	$ 746	$1,260	$1,992
Employee Benefits	115	190	241	114	156	208	78	154	278
Direct Operating Expenses	178	227	297	87	178	307	82	166	314
Music & Entertainment	4	5	5	2	4	6	2	3	4
Advertising & Promotion	29	107	303	48	146	299	18	63	232
Utilities	111	151	250	131	184	244	113	174	299
Administrative & General	99	139	166	13	46	210	49	120	264
Repairs & Maintenance	41	78	113	43	61	88	40	93	177
Total Controllable Expenses	$ 1,775	$2,264	$3,105	$1,584	$1,860	$2,816	$1,286	$2,055	$3,752
Income Before Occupation Costs	$ (291)	$ 397	$ 757	$ 311	$ 678	$ 947	$ 257	$ 598	$1,452
Occupation Costs									
Rent, Property Taxes & Insurance	$ 148	$ 237	$ 459	$ 164	$ 332	$ 525	$ 133	$ 329	$ 596
Income Before Interest & Depreciation	$ (721)	$ 163	$ 950	$ 138	$ 314	$ 687	$ 97	$ 260	$1,091
Interest	$ 4	$ 75	$ 427	$ 2	$ 11	$ 78	$ 5	$ 30	$ 83
Depreciation	$ 88	$ 215	$ 350	$ 49	$ 91	$ 207	$ 60	$ 93	$ 157
Restaurant Profit	$(1,084)	$ (60)	$ 446	$ 31	$ 174	$ 422	$ 23	$ 225	$ 928

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$3,105	$4,461	$8,761	$2,714	$4,114	$5,651	$1,874	$3,861	$6,844
1,162	1,839	3,033	1,044	1,496	2,238	809	1.528	2,425
1,791	2,689	5,628	1,840	2,672	3,608	1,063	2,470	4,024
1	10	32	8	12	66	5	23	135
$1,823	$2,689	$5,736	$1,850	$2,672	$3,645	$1,078	$2,479	$4,094
$ 867	$1,418	$1,828	$ 887	$1,260	$1,795	$ 469	$ 882	$2,071
111	154	385	107	156	230	45	109	295
150	293	374	113	184	294	60	164	265
2	2	5	2	4	4	1	3	6
33	88	350	26	116	294	11	29	76
108	192	348	131	168	247	69	130	255
55	133	232	92	140	246	28	51	173
51	101	231	55	90	118	19	40	94
$1,628	$2,655	$4,626	$1,672	$2,136	$3,144	$ 743	$1,633	$3,177
$ 157	$ 606	$1,472	$ 226	$ 540	$ 811	$ 271	$ 721	$1,182
$ 105	$ 315	$ 519	$ 191	$ 374	$ 483	$ 97	$ 330	$ 902
$ 14	$ 316	$1,657	$ 5	$ 183	$ 583	$ 147	$ 323	$ 856
$ 2	$ 7	$ 82	$ 3	$ 14	$ 146	$ 30	$ 77	$ 108
$ 64	$ 150	$ 362	$ 60	$ 98	$ 230	$ 28	$ 68	$ 98
$ (4)	$ 470	$1,480	$ (131)	$ 109	$ 419	$ 66	$ 155	$ 597

Exhibit A-17
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	34.6%	37.1%	40.5%	33.4%	34.9%	39.5%	33.7%	37.7%	42.3%
Gross Profit	59.5%	62.9%	65.4%	60.5%	65.1%	66.6%	57.7%	62.3%	66.3%
Other Income	.4	.7	1.6	.1	.4	1.1	.1	.4	1.5
Total Income	59.5%	63.8%	65.4%	61.4%	65.2%	66.9%	58.7%	63.3%	66.6%
Controllable Expenses									
Payroll	29.5%	35.6%	43.6%	22.7%	25.4%	28.7%	21.9%	27.5%	31.1%
Employee Benefits	3.5	4.5	6.7	2.5	3.6	4.7	2.6	3.6	4.7
Direct Operating Expenses	3.9	5.6	9.3	3.1	4.1	5.2	2.2	3.9	4.9
Music & Entertainment	.1	.1	.1	0	.1	.1	0	.1	.1
Advertising & Promotion	.7	3.3	6.9	2.2	3.7	6.5	.5	1.6	4.5
Utilities	2.7	4.3	5.6	3.4	4.6	5.8	2.9	3.8	4.7
Administrative & General	1.6	3.6	5.7	.4	2.0	5.1	1.3	3.3	5.6
Repairs & Maintenance	1.3	1.8	2.7	1.1	1.5	2.2	1.1	1.9	2.8
Total Controllable Expenses	47.3%	54.8%	76.5%	42.1%	46.7%	52.3%	40.1%	47.8%	55.5%
Income Before Occupation Costs	(9.5)%	12.2%	17.6%	10.2%	17.9%	20.4%	9.8%	14.3%	23.0%
Occupation Costs									
Rent, Property Taxes & Insurance	3.9%	7.4%	12.2%	5.1%	8.4%	12.3%	3.4%	6.0%	9.2%
Income Before Interest & Depreciation	(19.0)%	4.3%	22.6%	2.2%	9.2%	14.6%	3.0%	9.1%	21.6%
Interest	.1%	2.5%	10.2%	.1%	.5%	1.2%	.1%	.7%	3.3%
Depreciation	2.6%	5.4%	11.2%	1.1%	3.2%	5.7%	1.3%	2.1%	3.1%
Restaurant Profit	(33.1)%	(3.2)%	10.6%	1.1%	5.8%	9.7%	1.0%	6.5%	16.3%

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
34.4%	37.8%	40.1%	33.3%	36.4%	39.6%	34.8%	40.9%	44.1%
59.9%	62.3%	65.6%	60.4%	63.6%	66.7%	55.9%	59.1%	65.2%
0	.4	.8	.1	.3	1.6	.3	.9	1.7
60.0%	62.7%	65.6%	60.5%	64.1%	67.1%	56.6%	60.5%	65.8%
20.6%	26.2%	31.0%	23.6%	29.0%	34.3%	23.5%	27.6%	33.1%
2.3	3.5	4.9	2.6	3.5	4.8	2.7	2.9	4.6
2.3	4.1	5.3	2.6	4.7	7.2	2.6	4.1	4.8
0	.1	.1	0	.1	.1	0	.1	.2
1.0	3.1	6.8	.7	2.9	6.2	.5	.8	1.5
2.7	3.5	4.8	3.0	4.3	5.6	3.0	3.9	5.3
1.3	3.1	6.0	2.0	4.1	6.1	1.2	2.1	4.5
1.3	1.9	2.4	1.2	1.8	2.8	.6	1.3	3.0
41.5%	48.9%	56.0%	43.6%	50.7%	57.5%	38.1%	42.2%	50.1%
4.3%	14.3%	21.5%	7.0%	13.2%	19.9%	13.3%	17.0%	22.7%
3.1%	5.4%	7.3%	5.6%	7.9%	10.2%	3.9%	10.3%	13.8%
.2%	8.1%	20.1%	.2%	6.2%	17.1%	5.1%	10.9%	18.5%
0%	.3%	1.3%	.1%	.5%	4.1%	.9%	2.6%	3.7%
1.4%	2.5%	4.5%	1.1%	2.2%	5.1%	.6%	1.8%	4.7%
.4%	7.7%	17.1%	(2.6)%	4.3%	9.6%	1.9%	6.0%	12.5%

Exhibit A-18
Food Only
Statement of Income and Expenses—Amount Per Seat

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$1,951	$3,004	$5,241	$3,086	$4,311	$6,121	$2,990	$4,222	$7,405
Total Cost of Sales	810	1,145	2,260	$1,088	1,505	$2,202	$1,100	1,827	2,607
Gross Profit	1,168	1,734	3,329	2,004	2,809	3,888	1,900	2,597	4,798
Other Income	12	21	47	9	12	40	3	9	66
Total Income	$1,203	$1,777	$3,329	$2,004	$2,868	$3,938	$1,903	$2,602	$4,798
Controllable Expenses									
Payroll	$ 508	$ 903	$1,790	$ 939	$1,255	$1,649	$ 842	$1,206	$2,048
Employee Benefits	52	120	231	134	175	238	87	144	271
Direct Operating Expenses	53	131	226	138	186	293	82	240	381
Music & Entertainment	1	2	4	2	3	4	2	4	6
Advertising & Promotion	12	29	78	56	174	310	32	94	314
Utilities	89	103	178	151	220	264	128	166	267
Administrative & General	35	80	180	16	99	205	52	99	243
Repairs & Maintenance	14	40	99	51	76	123	49	74	119
Total Controllable Expenses	$ 83	$1,440	$2,985	$1,737	$2,176	$3,064	$1,589	$1,965	$3,752
Income Before Occupation Costs	$ 236	$ 394	$1,012	$ 203	$ 585	$1,035	$ 331	$ 701	$1,203
Occupation Costs									
Rent, Property Taxes & Insurance	$ 80	$ 155	$ 480	$ 152	$ 337	$ 519	$ 240	$ 389	$ 542
Income Before Interest & Depreciation	$ 98	$ 273	$ 753	$ (117)	$ 240	$ 846	$ 129	$ 376	$1,180
Interest	$ 6	$ 62	$ 87	$ 2	$ 21	$ 82	$ 8	$ 28	$ 128
Depreciation	$ 32	$ 72	$ 101	$ 79	$ 135	$ 287	$ 43	$ 79	$ 239
Restaurant Profit	$ 10	$ 146	$ 523	$ (298)	$ 140	$ 669	$ 27	$ 314	$ 935

Sales Volume ($000)								
Under $400			$400 to $799			$800 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$1,951	$2,999	$4,459	$3,882	$4,394	$5,790	$3,430	$5,643	$8,072
771	1,082	1,380	1,381	1,541	2,260	1,180	2,132	2,738
1,299	1,972	2,941	2,425	2,776	3,860	2,140	3,487	5,362
4	16	40	5	15	46	7	13	135
$1,315	$1,972	$2,941	$2,429	$2,776	$3,860	$2,141	$3,547	$5,362
$ 516	$ 854	$1,462	$1,020	$1,200	$1,529	$1,019	$1,746	$2,337
68	125	173	140	190	248	113	224	298
64	133	260	147	187	319	129	274	337
2	3	6	2	3	4	1	4	6
31	120	310	34	142	296	15	53	113
112	159	248	115	210	267	132	181	292
29	98	166	43	92	187	49	149	387
31	54	100	60	75	113	38	101	178
$1,035	$1,665	$2,554	$1,758	$2,098	$2,892	$1,786	$2,905	$3,700
$ 194	$ 309	$ 690	$ 453	$ 754	$1,061	$ 341	$ 847	$1,639
$ 116	$ 248	$ 417	$ 161	$ 349	$ 508	$ 232	$ 464	$ 747
$ (6)	$ 155	$ 456	$ 161	$ 412	$1,017	$ 126	$ 343	$1,030
$ 4	$ 16	$ 93	$ 3	$ 26	$ 135	$ 18	$ 63	$ 83
$ 61	$ 107	$ 251	$ 54	$ 124	$ 294	$ 60	$ 82	$ 121
$ (177)	$ 77	$ 341	$ 107	$ 309	$ 835	$ 23	$ 252	$ 878

Exhibit A-19
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	34.7%	38.7%	43.7%	33.4%	34.9%	37.4%	34.3%	38.3%	41.1%
Gross Profit	56.3%	61.3%	65.3%	62.6%	65.2%	66.6%	58.9%	61.7%	65.7%
Other Income	.1	1.0	1.6	.1	.3	.7	.1	.4	1.3
Total Income	56.3%	61.3%	68.8%	62.7%	65.2%	66.6%	59.3%	62.1%	66.0%
Controllable Expenses									
Payroll	25.6%	28.2%	32.1%	24.4%	26.9%	32.8%	21.2%	24.6%	30.8%
Employee Benefits	2.8	3.6	5.2	3.3	4.3	4.9	2.3	3.2	4.3
Direct Operating Expenses	1.7	3.3	5.5	3.6	4.1	5.3	2.2	4.5	5.3
Music & Entertainment	0	.1	.2	0	.1	.1	0	.1	.1
Advertising & Promotion	.4	1.0	2.4	1.4	4.0	6.5	1.0	2.4	6.9
Utilities	2.7	4.0	5.3	3.5	4.9	6.0	2.7	3.5	4.3
Administrative & General	1.5	2.7	5.0	.5	3.4	6.0	.9	2.6	5.3
Repairs & Maintenance	.6	1.2	1.7	1.3	1.9	2.9	1.2	1.7	2.2
Total Controllable Expenses	41.8%	46.1%	51.4%	44.8%	50.5%	59.1%	39.6%	44.5%	50.7%
Income Before Occupation Costs	10.9%	14.3%	18.8%	5.9%	15.7%	21.5%	11.9%	18.2%	21.9%
Occupation Costs									
Rent, Property Taxes & Insurance	3.1%	5.8%	12.8%	5.0%	7.0%	10.8%	4.7%	7.0%	10.4%
Income Before Interest & Depreciation	4.6%	8.3%	14.3%	(5.6)%	7.1%	16.9%	2.8%	10.8%	22.1%
Interest	.1%	.9%	1.3%	0%	.5%	2.0%	.3%	.6%	3.3%
Depreciation	.7%	1.9%	4.7%	2.1%	3.4%	6.8%	1.1%	2.1%	3.2%
Restaurant Profit	.6%	6.0%	9.3%	(11.5)%	4.0%	12.3%	.9%	7.1%	17.1%

Sales Volume ($000)								
Under $400			$400 to $799			$800 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
34.5%	37.3%	40.8%	33.7%	36.1%	40.0%	32.5%	34.8%	40.2%
59.1%	62.7%	65.5%	60.1%	63.9%	66.3%	59.8%	65.2%	67.5%
.3	.5	.7	.1	.4	1.4	.1	.3	3.0
59.3%	63.2%	65.7%	60.8%	64.6%	66.3%	60.5%	65.2%	68.8%
23.5%	26.9%	31.4%	22.4%	25.4%	31.0%	26.0%	29.7%	34.3%
2.5	3.4	4.7	2.9	4.1	4.9	3.2	4.1	5.0
2.3	4.0	5.5	2.7	4.0	5.2	3.6	4.6	5.5
.1	.1	.2	0	.1	.1	0	.1	.2
1.0	3.7	6.6	1.1	3.0	6.6	.4	1.0	2.3
3.9	4.9	5.9	2.7	3.7	5.3	2.7	3.3	4.2
1.1	3.2	5.5	.5	1.9	4.9	1.4	4.0	5.7
1.1	1.8	2.7	1.3	1.7	2.3	.8	1.6	3.2
42.2%	48.4%	57.0%	41.2%	46.5%	51.4%	42.5%	49.7%	56.6%
5.9%	14.3%	20.6%	12.0%	17.7%	23.3%	9.9%	15.8%	22.0%
4.9%	7.4%	10.5%	3.4%	6.1%	10.2%	5.4%	7.4%	11.9%
(.3)%	8.0%	16.5%	4.8%	10.5%	22.0%	2.3%	7.2%	15.1%
.1%	.8%	3.0%	.1%	.7%	3.7%	.2%	.5%	2.2%
2.2%	4.6%	6.1%	1.2%	2.2%	3.7%	.8%	1.4%	2.2%
(6.5)%	4.3%	10.6%	1.9%	6.7%	14.4%	.5%	6.1%	11.5%

Exhibit A-20
Food Only
Statement of Income and Expenses—Amount Per Seat

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,665	$4,018	$5,375	$2,673	$4,102	$5,636
Total Cost of Sales	859	1,397	2,025	935	1,657	2,242
Gross Profit	1,743	2,659	3,350	1,671	2,573	3,448
Other Income	*	*	*	5	18	32
Total Income	$1,743	$2,659	$3,378	$1,773	$2,591	$3,450
Controllable Expenses						
Payroll	$673	$1,015	$1,453	$ 734	$1,181	$1,529
Employee Benefits	124	190	233	90	151	213
Direct Operating Expenses	91	164	211	71	151	303
Music & Entertainment	*	*	*	2	3	6
Advertising & Promotion	46	132	304	19	97	239
Utilities	153	222	281	115	166	218
Administrative & General	8	13	26	63	113	227
Repairs & Maintenance	44	60	68	41	70	101
Total Controllable Expenses	$1,212	$1,871	$2,692	$1,468	$1,915	$2,634
Income Before Occupation Costs	$ 392	$ 736	$1,042	$ 287	$ 650	$ 836
Occupation Costs						
Rent, Property Taxes & Insurance	$ 157	$ 278	$ 544	$ 164	$ 334	$ 488
Income Before Interest & Depreciation	$ 151	$ 388	$ 708	$ 64	$ 268	$ 632
Interest	$ 13	$ 25	$ 68	$ 3	$ 22	$ 119
Depreciation	$ 80	$ 138	$ 269	$ 57	$ 83	$ 124
Restaurant Profit	$ 38	$ 158	$ 524	$ (22)	$ 170	$ 437

*Insufficient data.

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$ 1,988	$4,108	$8,095	$3,326	$5,086	$7,031
835	1,558	2,928	1,164	1,493	2,540
1,128	2,551	5,309	2.039	2,841	5,250
9	13	93	9	30	263
$ 1,138	$2,551	$5,311	$2,059	$3,167	$5,250
$ 627	$1,514	$1,894	$1,001	$1,282	$2,019
77	143	240	100	175	301
80	223	327	170	271	336
1	4	5	2	2	4
35	211	332	23	43	173
107	224	339	106	152	247
49	134	226	47	141	232
30	102	177	70	123	189
$ 1,108	$3,029	$4,217	$1,666	$2,186	$3,528
$ (34)	$ 287	$1,126	$ 304	$ 778	$1,639
$ 113	$ 306	$ 461	$ 233	$ 404	$ 586
$ (452)	$ 132	$ 905	$ 128	$ 417	$1,380
$ 3	$ 15	$ 82	$ 9	$ 63	$ 96
$ 48	$ 218	$ 332	$ 49	$ 83	$ 338
$(1,051)	$ 83	$ 849	$ 82	$ 321	$1,216

Exhibit A-21
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	32.7%	33.9%	35.7%	34.3%	38.6%	41.5%
Gross Profit	64.4%	66.1%	67.3%	58.5%	61.4%	65.7%
Other Income	*	*	*	.1	.3	1.0
Total Income	64.4%	66.1%	67.3%	58.5%	62.3%	66.4%
Controllable Expenses						
Payroll	23.9%	25.4%	27.5%	21.7%	27.3%	31.9%
Employee Benefits	4.1	4.5	4.8	2.5	3.5	4.4
Direct Operating Expenses	3.2	3.9	4.4	2.6	4.4	5.5
Music & Entertainment	.2	.2	.2	.1	.1	.1
Advertising & Promotion	1.4	3.4	6.5	.5	2.1	4.2
Utilities	3.5	5.7	6.3	3.0	3.9	5.4
Administrative & General	.3	.4	.9	1.8	3.8	6.1
Repairs & Maintenance	.9	1.3	1.6	1.3	1.7	2.6
Total Controllable Expenses	41.8%	46.7%	50.7%	42.0%	48.1%	56.5%
Income Before Occupation Costs	15.2%	18.3%	22.1%	8.4%	14.3%	19.7%
Occupation Costs						
Rent, Property Taxes & Insurance	4.4%	7.3%	13.0%	4.9%	7.4%	10.4%
Income Before Interest & Depreciation	2.8%	10.4%	19.6%	2.2%	8.0%	16.6%
Interest	.2%	.8%	3.7%	.1%	1.3%	3.7%
Depreciation	2.3%	4.0%	6.3%	1.0%	2.1%	3.3%
Restaurant Profit	1.2%	6.2%	10.3%	(.5)%	4.3%	10.6%

*Insufficient data.

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
34.9%	37.3%	40.1%	32.3%	35.5%	38.9%
55.9%	62.7%	65.1%	61.1%	64.5%	67.1%
.1	.7	3.7	.3	.5	4.9
60.2%	63.2%	65.4%	61.3%	64.5%	67.1%
21.3%	27.8%	34.5%	23.5%	28.2%	33.1%
2.5	3.2	4.7	2.5	4.2	5.0
2.4	4.0	8.0	2.6	4.8	5.3
0	.1	.1	.0	.0	.1
1.2	4.0	8.3	.6	1.9	7.2
3.0	4.6	5.8	2.9	3.5	4.2
1.6	3.5	6.8	.7	2.8	5.6
1.2	1.8	2.7	1.2	2.1	3.3
41.9%	50.1%	65.5%	40.1%	48.9%	53.7%
(1.7)%	10.4%	19.4%	10.8%	19.0%	24.4%
3.9%	6.8%	11.4%	5.1%	6.3%	8.9%
(.1)%	5.3%	14.2%	4.7%	12.6%	20.7%
0%	.1%	3.1%	.3%	.8%	1.6%
2.0%	3.6%	9.2%	1.1%	2.2%	4.4%
(23.6)%	6.2%	9.3%	2.5%	10.3%	16.8%

Exhibit A-22
Food Only
Statement of Income and Expenses—Amount Per Seat

	Menu Theme								
	American			Sandwiches/Hamburgers			All Others*		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	$2,421	$3,940	$5,298	$2,822	$4,836	$7,285	$2,994	$4,457	$7,237
Total Cost of Sales	906	1,371	1,839	947	1,927	1,925	1,127	1,810	2,555
Gross Profit	1,579	2,647	3,379	1,865	2,846	4,795	1,918	2,764	4,660
Other Income	9	26	98	10	16	23	2	9	38
Total Income	$1,579	$2,647	$3,410	$1,874	$2,855	$4,799	$1,920	$2,768	$4,660
Controllable Expenses									
Payroll	$ 746	$1,080	$1,518	$ 601	$1,149	$1,948	$ 856	$1,404	$1,826
Employee Benefits	91	158	221	113	175	241	107	154	244
Direct Operating Expenses	104	170	247	93	181	278	127	278	339
Music & Entertainment	1	2	5	4	4	6	2	3	4
Advertising & Promotion	19	60	129	33	116	360	39	221	330
Utilities	119	159	239	150	215	264	108	193	304
Administrative & General	15	44	158	97	105	210	70	145	283
Repairs & Maintenance	38	61	95	62	96	118	54	85	168
Total Controllable Expenses	$1,215	$1,870	$2,579	$1,384	$1,850	$3,436	$1,675	$2,515	$3,688
Income Before Occupation Costs	$ 308	$ 618	$ 951	$ 442	$ 764	$1,435	$ 143	$ 440	$1,000
Occupation Costs									
Rent, Property Taxes & Insurance	$ 131	$ 273	$ 525	$ 243	$ 431	$ 566	$ 165	$ 327	$ 484
Income Before Interest & Depreciation	$ 121	$ 308	$ 870	$ 192	$ 405	$1,194	$ (121)	$ 169	$ 743
Interest	$ 13	$ 62	$ 135	$ 2	$ 42	$ 130	$ 3	$ 12	$ 77
Depreciation	$ 53	$ 91	$ 146	$ 48	$ 125	$ 212	$ 58	$ 123	$ 332
Restaurant Profit	$ 26	$ 154	$ 592	$ 86	$ 367	$ 887	$ (186)	$ 100	$ 681

*Includes seafood, steak and seafood, salad bars and specialty sandwiches.

Exhibit A-23
Food Only
Statement of Income and Expenses—Ratio to Total Sales

	Menu Theme								
	American			Sandwiches/Hamburgers			All Other*		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Sales	33.3%	34.7%	40.1%	31.6%	36.4%	39.9%	35.3%	38.1%	40.9%
Gross Profit	59.9%	65.3%	66.7%	60.1%	63.6%	68.4%	59.1%	61.9%	64.7%
Other Income	.3	.7	1.7	.2	.3	.5	0	.2	1.0
Total Income	61.3%	65.6%	67.1%	60.1%	63.8%	68.7%	59.1%	62.6%	64.8%
Controllable Expenses									
Payroll	24.7%	27.5%	32.0%	20.9%	26.0%	30.0%	20.6%	26.3%	32.6%
Employee Benefits	2.8	4.3	4.8	2.7	3.5	4.2	2.6	3.4	4.9
Direct Operating Expenses	3.1	4.4	5.2	1.8	3.0	5.0	2.3	4.2	7.1
Music & Entertainment	0	0	.1	.1	.1	.2	0	.1	.2
Advertising & Promotion	.5	1.4	3.6	1.0	3.4	5.8	2.2	4.1	8.1
Utilities	3.3	4.3	5.7	3.2	4.2	5.3	2.8	3.9	5.0
Administrative & General	.4	1.6	5.2	1.7	3.2	4.9	1.5	3.6	6.1
Repairs & Maintenance	1.1	1.5	2.6	1.1	1.7	2.5	1.3	1.9	2.8
Total Controllable Expenses	42.3%	47.8%	53.0%	40.5%	48.4%	50.0%	40.8%	48.9%	59.3%
Income Before Occupation Costs	11.9%	16.6%	20.6%	13.1%	18.8%	22.5%	3.9%	12.0%	21.5%
Occupation Costs									
Rent, Property Taxes & Insurance	4.9%	7.7%	12.4%	5.4%	6.7%	9.8%	4.3%	5.9%	9.4%
Income Before Interest & Depreciation	4.4%	9.6%	18.2%	4.8%	11.7%	22.2%	(6.1)%	7.2%	20.0%
Interest	.4%	1.0%	3.7%	.2%	.8%	4.7%	.1%	.5%	1.6%
Depreciation	1.1%	2.7%	4.9%	1.9%	2.2%	2.8%	1.3%	2.2%	6.0%
Restaurant Profit	1.1%	5.4%	10.0%	3.6%	8.7%	12.6%	(11.6)%	5.8%	14.1%

Section B—Food and Beverage Restaurants

The restaurant industry dollar

The source and distribution of the restaurant industry dollar for food and beverage restaurants in 1980 and 1981 are illustrated in Chart 2. Food sales contributed slightly more while beverage sales and other income contributed slightly less to total revenue in 1981 than in 1980.

Participating restaurants reported that the portion of the food and beverage dollar allocated to the cost of beverages sold was identical for the two years. However, the cost of food sold decreased substantially from 29.6 percent in 1980 to 27.1 percent in 1981. This pattern also was reported by food only restaurants, primarily because in 1981 food costs rose at the slowest rate in five years. However, the decreased cost of merchandise sold was offset by increased controllable expenses and occupation costs. As a result, net income before income taxes remained at 4.5 percent of total sales in 1981. The most significant increases in expenses reported by the food and beverage restaurants in this study were for payroll, utilities, advertising, rent and interest expenses. Interest costs rose faster than any other expense, increasing from 0.9 percent to 1.2 percent,

CHART 2
THE RESTAURANT INDUSTRY DOLLAR
FOOD AND BEVERAGE RESTAURANTS

1980	WHERE IT CAME FROM	1981
71.1	**Food Sales**	72.1
27.8	**Beverage Sales**	27.1
1.1	**Other Income**	.8
	WHERE IT WENT	
29.6	**Food**	27.1
7.1	**Beverages**	7.1
36.7	**Total**	34.2
	Controllable Expenses	
27.5	Payroll	29.0
4.8	Employee Benefits	4.5
6.5	Direct Operating Expenses	5.7
0.9	Music and Entertainment	0.7
1.9	Advertising and Promotion	2.4
2.5	Utilities	2.9
5.4	Administrative and General	5.3
1.7	Repairs and Maintenance	1.9
	Occupation Costs	
4.8	Rent, Property Taxes and Insurance	5.2
0.9	Interest	1.2
2.3	Depreciation	2.9
(0.4)	Other Additions and Deductions	(0.4)
4.5	Net Income Before Income Tax	4.5

demonstrating the high cost of borrowed capital in 1981.

Profile of participants

The 215 restaurants covered in this section serve food and alcoholic beverages. Typically, these restaurants were larger and had higher sales volumes than those serving only food. The following summary of characteristics, representing the typical participating food and beverage restaurant, has been taken from the appropriate measures of central tendency (arithmetic mean or median). Exhibit B-1 contains more detailed information.

Exhibit B-1
A Profile of Participating Food and Beverage Restaurants

Years in Business:	**Percentage of Respondents**
Under 5 Years	22.5%
5 to 10 years	32.2
Over 10 Years	45.3
Type of Restaurant:	
Full Menu—Tableservice	73.9%
Limited Menu—Tableservice	19.1
All Others	7.0
Region:	
Northeast	15.6%
North Central	35.3
South	22.2
West	26.9
Location:	
Urban	46.0%
Suburban	42.7
Rural	11.3
Affiliation:	
Single Unit—Independent	37.0%
Multi-Unit—Company Operated	22.8
Multi-Unit—Franchisee Operated	40.2
Sales Volume:	
Under $750,000	46.7%
$750,000 to $1,499,999	35.4
$1,500,000 and Over	17.9

Profit Versus Loss:	**Percentage of Respondents**
Net Profit	77.4%
Net Loss	22.6
Separate/Detached Building:	
Yes	68.4%
No	31.6
Lease Versus Own:	
Own Land and Building	42.2%
Lease Land and Building	52.0
Lease Land and Own Building	5.8
Competition:	
Intense	45.7%
Average	49.5
Mild	4.8
Ownership:	
Sole Proprietorship	15.8%
Partnership	4.7
Public Corporation	16.7
Private Corporation	62.8
Menu Theme:	
Steak/Seafood	31.6%
American	29.7
European/Continental*	21.2
All Others**	17.5

*Includes Italian, French and German.

**Includes chicken, Oriental, salad bars, specialty sandwiches, pizza, hamburgers and regional.

- Number of seats ranged from 43 to 1,160 with an average of 225 seats.
- Occupied 5,213 square feet of space in a detached building that was leased along with the land.
- Privately owned corporation in an urban area.
- Operates a single, non-affiliated full menu tableservice restaurant.
- More than 10 years old.

Highlights

- Food sales were $3,175 per seat while beverage sales accounted for $1,103 per seat.
- Food and beverage costs absorbed $1,599 per seat.
- The median check was $7.63 and the average daily seat turnover was 1.55.
- The return on total assets was 14.6 percent, with a net income before taxes of 4.5 percent.
- Total sales per full-time equivalent employee were $25,042, with a productivity index of 3.19.

Exhibit B-2
Food and Beverage
Net Income Differential

	Amount Per Seat					
	Net Income			Net Loss		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	$2,337	$3,683	$5,183	$1,125	$1,866	$2,493
Beverage	518	1,162	2,029	356	624	886
Total Sales	$3,010	$5,063	$6,838	$1,467	$2,612	$3,552
Cost of Sales						
Food	$ 984	$1,567	$2,294	$ 454	$ 743	996
Beverage	156	325	577	104	172	276
Total Cost of Sales	$1,204	$1,930	$2,586	$ 507	$ 899	$1,172
Gross Profit	$1,908	$3,089	$4,432	$ 950	$1,673	$2,385
Other Income	9	34	60	1	4	18
Total Income	$1,953	$3,124	$4,469	$ 951	$1,673	$2,388
Controllable Expenses						
Payroll	$ 826	$1,215	$1,952	$ 541	$ 769	$1,082
Employee Benefits	91	173	290	79	130	179
Direct Operating Expenses	128	224	363	88	131	242
Music & Entertainment	5	35	94	8	38	61
Advertising & Promotion	46	104	202	6	39	74
Utilities	87	127	168	76	125	160
Administrative & General	75	153	322	60	205	273
Repairs & Maintenance	41	74	117	22	57	95
Total Controllable Expenses	$1,381	$2,145	$3,352	$1,028	$1,537	$1,971
Income Before Occupation Costs	$ 427	$ 708	$1,223	$ (19)	$ 118	$ 251
Occupation Costs						
Rent, Property Taxes & Insurance	$ 124	$ 254	$ 433	$ 104	$ 200	$ 336
Interest	24	48	114	9	59	144
Depreciation	65	114	170	51	113	201
Total Occupation Costs	$ 221	$ 372	$ 599	$ 183	$ 353	$ 510
Net Income Before Other Deductions	$ 131	$ 264	$ 706	$ (415)	$ (138)	$ (32)
Other Additions & Deductions	$ (8)	$ (22)	$ (134)	$ (33)	$ (104)	$ (647)
Net Income (Loss) Before Income Taxes	$ 95	$ 263	$ 685	$ (435)	$ (163)	$ (43)
Other Data						
Average Receipt Per Cover						
Average Daily Seat Turnover						
Productivity Index						

Net income

The median ratios of food sales and beverage sales were very similar for net income and net loss restaurants, as illustrated in Exhibit B-2. Income-producing restaurants actually reported a lower median gross profit in relation to total sales than the net loss group, 62.8 percent compared with 64 percent. However, the net loss restaurants had much larger controllable expenses in relation to total sales. The income-producing group realized a median gross profit of $3,089 per seat, almost double the $1,673 for restaurants operating in the red. In fact, for both the upper and lower quartiles, the net income group reported gross profit figures almost double those of the other group. Profitable operations were able to generate the necessary revenue to offset higher costs per seat, as demonstrated by a higher median seat turnover (1.71 compared with 1.35) and a higher median average receipt per cover ($7.67 compared with $4.80).

Ratio to Total Sales

Net Income			Net Loss		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
68.3%	76.0%	86.7%	70.8%	74.6%	77.7%
17.1	24.4	32.1	22.3	25.4	29.2
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
36.0%	38.5%	43.9%	37.0%	39.2%	41.8%
23.7	27.0%	32.6	23.6	25.7	27.4
34.2%	37.2%	40.5%	34.1%	36.1%	39.5%
59.5%	62.8%	65.8%	60.5%	64.0%	65.9%
.2	.7	1.5	.1	.3	.4
60.1%	63.7%	66.7%	60.5%	64.5%	66.1%
22.2%	26.3%	30.1%	26.6%	31.0%	35.8%
2.6	3.8	5.1	3.9	5.2	5.6
3.8	4.7	5.9	4.4	5.8	7.3
.1	.7	1.6	1.1	1.7	2.2
1.1	2.2	3.0	1.1	1.7	2.8
2.1	2.8	3.5	3.6	5.2	6.5
2.4	3.7	5.3	3.6	7.1	9.3
1.1	1.6	2.1	1.4	2.3	3.3
42.2%	47.6%	52.3%	53.6%	58.7%	64.6%
12.0%	15.5%	20.9%	(.6)%	5.2%	10.4%
2.8%	5.3%	8.0%	4.9%	8.4%	10.8%
.5	1.2	2.6	.8	2.6	6.2
1.6	2.5	3.5	1.8	5.7	7.6
5.4%	8.6%	11.4%	9.1%	15.8%	19.4%
3.2%	6.5%	11.1%	(20.4)%	(6.2)%	(1.8)%
(.1)%	.4%	1.9%	(1.2)%	.8%	15.6%
2.6%	6.0%	10.7%	(21.1)%	(6.2)%	(2.0)%
$4.86	$7.67	$12.34	$4.02	$4.80	$8.84
1.10	1.71	2.94	.79	1.35	1.87
2.93	3.23	3.90	2.42	2.85	3.25

Return on total assets

Sales per dollar of total assets were $3.64, up from the $2.97 figure reported in *Restaurant Industry Operations Report '81*. As Exhibit B-3 shows, these increased sales enabled food and beverage restaurants to earn a 14.6 percent return on their total assets compared with 13.4 percent in 1980. Restaurants that conduct business in attached buildings reported a substantially higher return on total assets than did those occupying separate buildings, 20.7 percent compared with 12.4 percent.

Exhibit B-3
Food and Beverage
Return on Total Assets*

	Sales Per Dollar of Total Assets	Earnings Ratio	Rate of Return
All Food & Beverage Restaurants	$3.64	4.0%	14.6%
Own Land & Building	3.30	3.5	11.6
Lease Land & Building	3.96	4.4	17.4
Lease Land & Own Building	3.26	4.8	15.6
Restaurant Occupies:			
Separate or Detached Building	3.64	3.4	12.4
Attached Building	3.57	5.8	20.7
Type of Restaurant			
Full Menu—Tableservice	3.72	3.2	11.9
Limited Menu—Tableservice	3.08	7.4	22.8

*Based on weighted means of those providing detail.

Cost of sales

Full menu and limited menu restaurants with tableservice spent nearly 40 cents of their total sales dollar on food and 25 cents on beverages, as shown in Exhibit B-4. However, full menu operations spent a larger amount for payroll costs than did limited menu establishments, 28 cents compared with 24.5 cents. Restaurants that did not generate income experienced higher payroll costs than any other breakdown analyzed, 31 cents per dollar of sales. These high payroll costs forced the prime cost of this group to capture more than two-thirds of the total sales dollar.

Exhibit B-4
Food and Beverage
Cost Per Dollar of Sales

	Food*	Beverages*	Total Cost of Sales	Total Payroll	Prime Cost
All Food & Beverage Restaurants	39.1¢	26.7¢	37.0¢	27.8¢	64.8¢
Type of Restaurant					
Full Menu—Tableservice	39.0	26.7	37.0	28.0	65.0
Limited Menu—Tableservice	40.7	25.7	38.3	24.5	62.8
Location					
Urban	38.6	25.4	35.9	27.1	63.0
Suburban	40.2	27.3	38.1	27.1	65.2
Rural	37.8	29.4	36.9	28.9	65.8
Profit Versus Loss					
Net Profit	38.5	27.0	37.2	26.3	63.5
Net Loss	39.2	25.7	36.1	31.0	67.1
Ownership					
Sole Proprietorship	39.1	26.7	38.3	25.3	63.6
Partnership	38.0	25.5	38.0	23.3	61.3
Public Corporation	38.6	24.9	35.0	26.4	61.4
Private Corporation	39.8	27.7	37.0	27.9	64.9
Menu Theme					
Steak/Seafood	41.7	25.8	39.1	25.8	64.9
American	38.8	26.2	36.2	28.7	64.9
European/Continental**	37.5	30.3	37.1	26.6	63.7
All Others***	38.3	26.8	35.2	27.3	62.5

*Based on individual department sales.
**Includes Italian, French and German.
***Includes chicken, Oriental, salad bars, specialty sandwiches, pizza, hamburgers and regional.

Payroll

Service and preparation costs constituted 59 percent of the total payroll dollar for all food and beverage restaurants in both 1981 and 1980, as shown in Exhibit B-5 and *Restaurant Industry Operations Report '81*. In addition, administrative and general costs continued to absorb a relatively large portion of the payroll dollar, at 24.1 percent. Limited menu tableservice restaurants reported the highest service payroll, at more than 44 cents of the payroll dollar. Administrative and general expenses absorbed the largest portion of remaining payroll costs for limited menu tableservice operations, 26.4 percent.

Exhibit B-5
Food and Beverage
Breakdown of Payroll by Function—Ratio to Total Payroll

		Type of Restaurant		Location		
	Total	Full Menu Tableservice	Limited Menu Tableservice	Urban	Suburban	Rural
Function						
Service	33.0%	29.4%	44.5%	30.2%	35.3%	36.6%
Bartenders	8.2	9.2	3.6	8.0	8.6	8.0
Preparation	26.0	28.6	18.2	27.6	23.7	25.6
Sanitation	6.9	7.1	6.6	7.9	5.9	5.7
Administrative & General	24.1	23.6	26.4	25.1	23.9	21.8
Other	1.8	2.1	.7	1.2	2.6	2.3
Total Payroll	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit B-6 shows that total sales per full-time equivalent employee were comparable among most of the categories except for those restaurants reporting a net loss and those located in rural areas. As expected, restaurants reporting a net loss had the highest payroll per full-time equivalent employee, at $9,239; rural operations had the lowest, at $6,875 per employee. Urban restaurants and those serving a full menu with tableservice employed more persons than others, 39 and 40 employees respectively. Limited menu restaurants with tableservice recorded the highest index of productivity, at 3.69.

Exhibit B-6
Food and Beverage
Analysis of Employee Data*

		Restaurants Reporting		Location			Type of Restaurant	
	Total	Net Income	Net Loss	Urban	Suburban	Rural	Full Menu Tableservice	Limited Menu Tableservice
Number of Employees Per Restaurant								
Full-Time	14	15	9	15	12	12	15	9
Part-Time (20-35 Hours)	13	14	12	13	14	15	15	12
Part-Time (Under 20 Hours)	10	10	10	11	8	8	10	10
Total	37	39	31	39	34	35	40	31
Full-Time Equivalent Employees								
Total	29.5	32.4	24.6	31.4	27.0	33.5	33.4	24.1
Per 100 Restaurant Seats	16.3	18.3	9.5	17.2	14.5	13.7	16.4	15.2
Per 100 Average Daily Covers	11.4	12.7	8.1	9.9	11.2	13.8	11.7	7.9
Total Sales Per Full-Time Equivalent Employee	$25,042	$25,419	$23,730	$25,190	$26,464	$20,411	$24,773	$25,775
Payroll Per Full-Time Equivalent Employee	$ 8,088	$ 7,844	$ 9,239	$ 8,595	$ 7,845	$ 6,875	$ 8,288	$ 7,532
Index of Productivity	3.19	3.23	2.85	3.14	3.32	3.09	3.15	3.69

*Based on those providing detail.

Other controllable expenses

Direct operating expenses

Direct operating expenses for the food and beverage restaurants participating in this study amounted to $202 per seat or 5 percent of total food and beverage sales. As in the food only section, we show amounts per seat and ratios to total sales in medians and quartiles for the various expense items. In addition, the percentage of respondents reporting each expense is presented.

Exhibit B-7 shows a breakdown of direct operating

Exhibit B-7
Food and Beverage
Direct Operating Expenses*

	Percentage of Respondents Reporting	Amount Per Seat			Ratio to Total Sales		
		Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Uniforms	37.2%	$ 2	$ 5	$ 12	.1%	.1%	.2%
Laundry & Linens	56.7	14	35	72	.3	1.0	1.7
China & Glassware	44.2	17	31	53	.5	.7	1.2
Silverware	26.1	3	8	17	.1	.2	.3
Kitchen Utensils	27.0	8	20	31	.2	.3	.6
Kitchen Fuel	12.1	16	19	28	.3	.4	.8
Cleaning Supplies	37.2	17	35	60	.4	.7	1.0
Paper Supplies	43.7	26	37	56	.5	1.0	1.5
Guest Supplies	24.2	3	9	28	.1	.2	.4
Bar Expense	16.3	3	12	36	.1	.2	.7
Menus & Wine Lists	37.7	6	11	19	.2	.2	.4
Contract Cleaning	24.7	10	28	60	.2	.5	1.1
Exterminating	17.2	2	3	12	.1	.1	.2
Flowers & Decorations	35.4	2	8	17	.1	.2	.3
Auto Expense	32.1	6	16	37	.2	.3	.7
Licenses	44.7	5	7	14	.1	.2	.3
Banquet Expense	4.2	**	**	**	**	**	**
All Other	47.9	2	13	43	.1	.3	.8
Total	98.1%	$119	$202	$334	4.0%	5.0%	6.4%

*Based on those providing detail.
**Insufficient data.

expenses for selected categories. In full menu restaurants with tableservice, 46 percent of the operating expenses dollar went to laundry and linen, paper supplies, and china and glassware, compared with 38 percent for limited menu tableservice operations. By sales volume, restaurants with sales of $1.5 million or more spent more than one-quarter of the total operating expenses on laundry and linen, by far the most spent on these items in any of the categories analyzed.

	Ratio to Total Direct Operating Expenses				
	Type of Restaurant		Sales Volume ($000)		
Total	Full Menu Tableservice	Limited Menu Tableservice	Under $750	$750 to $1,499	$1,500 And Over
2.6%	2.2%	4.0%	2.7%	1.5%	4.4%
18.4	22.1	10.6	16.3	17.8	25.2
11.3	11.2	12.4	11.0	11.4	11.8
2.0	1.8	2.3	2.3	2.2	1.1
3.3	2.6	6.0	1.4	4.6	5.3
2.0	1.7	3.1	2.3	2.1	.7
9.5	8.8	9.6	8.3	11.7	8.0
15.0	12.6	14.9	19.0	14.1	6.7
2.0	2.2	2.1	1.3	2.3	3.2
2.0	2.1	2.8	1.9	1.9	2.7
3.5	3.4	4.2	3.7	3.4	2.9
5.2	3.7	10.4	3.5	6.5	6.7
.6	.8	.1	.3	.5	1.4
2.1	2.2	2.1	1.5	2.7	2.6
5.8	6.5	4.3	8.3	3.7	4.0
4.5	4.3	3.9	5.7	3.7	3.1
.2	.3	.1	.1	.3	.4
10.0	11.5	7.1	10.4	9.6	9.8
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Advertising and promotion

While 98.6 percent of all participating food and beverage restaurants reported advertising expenditures, only about one-quarter of those presented sufficient detail on how the advertising dollar was spent. Newspapers and magazines and entertainment and sales promotion seemed to be the preferred methods of advertising among the reporting restaurants. Food and beverage restaurants spent $80 per seat or 2.1 percent of total sales on advertising and promotion costs in 1981, as shown in Exhibit B-8. Newspaper and magazine expenses accounted for more than 34 percent of total advertising expenses, with radio and television and entertainment and sales promotion each absorbing approximately 17 percent of the advertising and promotion dollar. Limited menu restaurants with tableservice spent the largest portion of their advertising expenses dollar on radio

Exhibit B-8
Food and Beverage
Advertising Expenses*

	Percentage of Respondents Reporting	Amount Per Seat			Ratio to Total Sales		
		Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Newspapers & Magazines	26.1%	$16	$34	$ 66	.3%	.9%	1.8%
Direct Mail Circulars	7.4	3	11	18	.1	.2	.4
Advertising Agency Fees	5.1	**	**	**	**	**	**
Outdoor Signs	7.4	5	10	16	.2	.3	.5
Radio & TV	14.0	9	37	146	.2	.7	2.6
Programs & Directories	6.5	3	7	18	.1	.2	.3
Prizes & Favors	6.5	1	5	16	0	.1	.3
Donations	19.1	1	3	6	0	.1	.2
Entertainment & Sales Promotion	21.9	10	20	74	.2	.5	1.0
All Other	12.1	8	14	70	.1	.3	1.6
Total	98.6%	$38	$80	$166	1.1%	2.1%	3.0%

*Based on those providing detail.
**Insufficient data.

Exhibit B-9
Food and Beverage
Utilities Expenses*

	Percentage of Respondents Reporting	Amount Per Seat			Ratio to Total Sales		
		Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Electricity	31.6%	$49	$ 78	$105	1.2%	1.8%	2.3%
Electric Bulbs	8.8	1	2	4	N	N	.1
Water	26.5	4	10	15	.1	.2	.4
Waste Removal	22.8	5	10	15	N	.2	.3
Heat/Fuel	22.3	23	35	55	.6	.8	1.2
Engineers' Supplies	.9	**	**	**	**	**	**
Miscellanoous	7.0	3	13	25	.1	.3	.5
Total	97.7%	$85	$127	$170	2.2%	3.1%	4.2%

*Based on those providing detail.
**Insufficient data.
N-Negligible.

and television, while most other categories analyzed concentrated their advertising expenditures on newspapers and magazines.

Utilities

While reporting food and beverage restaurants spent a median of 3.1 percent of total sales on utilities, more than 62 percent of this total expense was allocated to electricity, as illustrated in Exhibit B-9. The median amount per seat of $78 spent on electricity was the largest single controllable expense reported by the food and beverage restaurants participating in this study. For all participating food and beverage restaurants, heat and fuel absorbed more than 20 percent of utility expenses. An analysis by type of restaurant and sales volume reveals little variability in how the utilities dollar was spent.

Ratio to Total Advertising Expenses

	Type of Restaurant		Sales Volume ($000)		
Total	Full Menu Tableservice	Limited Menu Tableservice	Under $750	$750 to $1,499	$1,500 And Over
34.4%	38.9%	23.9%	34.3%	33.6%	36.3%
1.8	1.4	2.1	2.2	2.0	.6
8.1	9.7	6.1	11.1	5.0	8.2
3.8	2.7	1.3	3.7	4.8	1.9
17.4	9.1	48.2	13.6	23.3	12.5
2.0	2.7	.4	1.9	2.5	1.1
1.6	1.4	3.0	.9	2.1	2.1
3.7	3.4	4.4	5.1	3.2	1.9
16.3	17.8	9.3	12.4	16.4	23.9
10.9	12.9	1.3	14.8	6.1	11.5
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Ratio to Total Utilities Expenses

	Type of Restaurant		Sales Volume ($000)		
Total	Full Menu Tableservice	Limited Menu Tableservice	Under $750	$750 to $1,499	$1,500 And Over
62.3%	60.5%	66.6%	62.3%	63.4%	59.9%
.4	.5	.2	.2	.4	.9
7.0	6.5	8.3	5.0	8.4	7.6
6.7	6.1	9.2	5.8	7.1	7.4
20.3	24.0	14.7	20.2	18.9	23.2
N	.1	0	.1	.1	0
3.3	2.3	1.0	6.4	1.7	1.0
100.0%	100.0%	100.0%	100.0%	100.0	100.00%

Administrative and general

Total administrative expenses were $164 per seat, $65 more than the food only segment. As Exhibit B-10 illustrates, general insurance costs absorbed the largest portion of the total administrative expenses dollar, ranging from $23 in the lower quartile to $59 for the upper quartile. Consistent with the informa-

Exhibit B-10
Food and Beverage
Administrative Expenses*

	Percentage of Respondents Reporting	Amount Per Seat			Ratio to Total Sales		
		Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Printing, Stationery & Office Supplies	70.7%	$ 4	$ 10	$ 17	.1%	.2%	.4%
Data Processing	25.6	4	9	15	.1	.2	.3
Postage	58.6	1	2	3	N	.1	.1
Telephone	75.4	6	11	18	.2	.3	.4
Dues & Subscriptions	60.0	2	4	8	.1	.1	.2
Traveling Expenses	46.5	2	9	19	.1	.2	.4
Insurance—General	62.3	23	40	59	.5	1.0	1.5
Fees on Credit Card Accounts	57.7	11	41	85	.4	1.0	1.5
Provision for Doubtful Accounts	33.5	1	1	6	N	N	.1
Cash Shortages	51.6	N	2	4	N	.1	.1
Professional Fees	66.5	9	19	39	.3	.5	.7
Protective & Bank Pickup	22.3	N	4	11	N	.1	.2
City Sales Tax	9.8	3	12	40	.1	.2	.8
All Other	53.0	5	11	26	.1	.3	.7
Total	96.7%	$87	$164	$295	2.5%	3.9%	7.0%

*Based on those providing detail. Excluding management fees.
N-Negligible.

tion reported in last year's study, fees on credit card accounts were substantially higher for food and beverage restaurants at 19.6 percent, compared with 2.4 percent at food only restaurants. Professional fees displayed little variability across the categories and amounted to 13.4 percent of the administrative expenses dollar for the participating restaurants.

Ratio to Total Administrative Expenses

	Type of Restaurant		Sales Volume ($000)		
Total	Full Menu Tableservice	Limited Menu Tableservice	Under $750	$750 to $1,499	$1,500 And Over
8.6%	7.8%	10.3%	8.0%	9.7%	8.3%
2.0	2.1	.5	2.1	1.8	2.3
1.0	.9	1.5	1.4	.5	.7
9.9	9.6	10.2	12.0	8.1	7.7
3.4	3.9	2.6	4.2	2.8	2.7
4.7	4.8	4.3	5.4	3.3	5.1
23.0	22.7	25.1	24.3	27.8	10.9
19.6	22.9	11.4	13.8	18.2	37.6
1.0	1.2	.8	.8	.8	2.0
1.8	1.0	4.1	2.0	2.2	.7
13.4	13.5	13.7	14.5	12.8	11.7
1.5	1.4	1.1	.1	.8	4.0
1.8	1.4	3.3	1.6	2.6	1.0
8.3	6.8	11.1	9.2	8.6	5.3
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Occupancy costs

Exhibit B-11 presents occupancy costs and depreciation expense amounts per seat for food and beverage restaurants by type of restaurant and location. Facilities located in the West incurred higher rent expenses than any other category, while operations in rural areas reported the lowest amount. With the exception of rent, occupancy costs and depreciation were relatively consistent among the categories. As was also noted in *Restaurant Industry Operations Report '81*, rent expenses, along with the other occupancy costs and depreciation, were considerably less per seat for all categories of food and beverage restaurants than for the food only group.

Balance sheet

Exhibit B-12 compares those ratios generally used to measure a business's financial position and ability to meet financial obligations. The ratios are based on the data obtained from those participants supplying complete financial statements. For an explanation of the basis of computation and the use of the ratios, refer to Chapter 10 of *Profitable Restaurant Management* by Kenneth I. Solomon and Norman Katz, published by Prentice-Hall. A copy of this publication is on file at:

National Restaurant Association
Information Service and Library
311 First Street N.W.
Washington, D.C. 20001
Telephone (202) 638-6100

In addition to the balance sheet ratios, median investment per seat for the establishments that occupy separate buildings and those that lease space was computed based on those operators providing sufficient detail. The comparison among the various categories is shown in Exhibit B-13.

Exhibit B-11
Food and Beverage
Occupancy Costs and Depreciation—Amount Per Seat*

		Type of Restaurant		Location			Region			
	Total	Full Menu Tableservice	Limited Menu Tableservice	Urban	Suburban	Rural	Northeast	North Central	South	West
Rent	$176	$158	$182	$183	$174	$85	$105	$136	$187	$216
Property Taxes	27	26	39	33	27	19	20	41	18	27
Other Taxes	13	14	8	17	9	6	21	11	8	31
Property Insurance	39	42	9	46	27	31	48	42	19	28
Interest	53	53	76	65	47	35	62	71	40	43
Depreciation	$114	$109	$110	$149	$106	$73	$91	$118	$93	$139

*Based on those providing detail.

Exhibit B-12
Food and Beverage
Balance Sheet Ratios*

	Total	Type of Restaurant: Full Menu Tableservice	Type of Restaurant: Limited Menu Tableservice
Assets			
Current Ratio	$1.24	$1.18	$1.77
Accounts Receivable Percentage of Total Sales	1.3%	1.3%	.7%
Food Inventory Turnover	30.7	30.7	39.2
Beverage Inventory Turnover	8.3	7.4	10.9
Ratio of Net Book Value of Fixed Assets to Equity	.8	.8	.7
Liabilities & Equity			
Ratio of Current Liabilities to Total Liabilities	.4	.4	.2
Ratio of Debt to Equity	.7	.7	.5

*Based on those companies providing complete information.

Exhibit B-13
Food and Beverage
Investment Per Seat

	Own Land and Building	Lease Land and Own Building	Lease Land and Building
Land	$ 155	—	—
Building & Improvements	846	$ 578	—
Furniture & Fixtures	444	495	$ 816
Leasehold Improvements	—	—	772
Operating Equipment	204	515	686
Other Assets	100	105	74
Total	$1,191	$1,237	$1,673

Summary

In the next 10 exhibits, median amounts per seat and ratios to total sales are given for each of the various categories and subgroupings. The information contained in this section isolates results of different types of operations. To compare your restaurant with similar ones, use these figures to develop a composite

Exhibit B-14
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Type of Restaurant					
	Full Menu Tableservice			Limited Menu Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	$1,930	$3,011	$4,773	$2,106	$3,428	$4,665
Beverage	441	985	1,838	731	1,288	1,766
Total Sales	$2,332	$4,140	$6,123	$2,783	$4,766	$6,424
Cost of Sales						
Food	$ 751	$1,330	$1,892	$ 872	$1,551	$2,119
Beverage	127	278	514	207	327	511
Total Cost of Sales	$ 831	$1,576	$2,257	$1,062	$1,686	$2,558
Gross Profit	$1,520	$2,463	$3,877	$1,741	$2,858	$3,881
Other Income	3	16	37	9	35	58
Total Income	$1,579	$2,487	$3,904	$1,752	$2,858	$3,930
Controllable Expenses						
Payroll	$ 651	$1,076	$1,715	$ 738	$ 981	$1,330
Employee Benefits	85	163	291	96	161	227
Direct Operating Expenses	112	213	333	119	182	343
Music & Entertainment	3	33	64	32	61	97
Advertising & Promotion	33	77	147	52	96	235
Utilities	84	127	168	86	123	169
Administrative & General	97	164	267	67	199	335
Repairs & Maintenance	37	70	109	44	76	128
Total Controllable Expenses	$1,179	$1,921	$3,125	$1,458	$1,993	$2,587
Income Before Occupation Costs	$ 204	$ 476	$ 899	$ 371	$ 757	$1,254
Occupation Costs						
Rent, Property Taxes & Insurance	$ 123	$ 227	$ 378	$ 107	$ 230	$ 480
Income Before Interest & Depreciation	$ 83	$ 281	$ 619	$ 206	$ 486	$1,097
Interest	$ 16	$ 53	$ 114	$ 32	$ 76	$ 123
Depreciation	$ 58	$ 109	$ 180	$ 70	$ 110	$ 191
Restaurant Profit	$ (7)	$ 150	$ 352	$ 46	$ 265	$ 783

analysis by years in operation, type of restaurant, location, affiliation, sales volume, region and menu theme. However, remember that when using medians and quartiles, columns cannot be totaled. For an explanation of what the reader should keep in mind when analyzing the following exhibits, refer to the summary in the food only section.

Exhibit B-15
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Type of Restaurant					
	Full Menu Tableservice			Limited Menu Tableservice		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	70.1%	75.5%	82.0%	67.2%	74.3%	80.9%
Beverage	18.5	25.0	29.9	21.0	27.1	33.0
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales						
Food	36.4%	39.0%	44.3%	37.8%	40.7%	45.0%
Beverage	23.6	26.7	32.4	23.8	25.7	27.9
Total Cost of Sales	34.0%	37.0%	40.6%	35.8%	38.3%	40.5%
Gross Profit	59.4%	63.0%	66.0%	59.5%	61.8%	64.2%
Other Income	.1	.3	.8	.3	.9	1.7
Total Income	60.2%	63.3%	66.4%	59.8%	63.2%	65.7%
Controllable Expenses						
Payroll	23.9%	28.0%	31.5%	20.2%	24.5%	29.0%
Employee Benefits	2.9	4.3	3.4	2.4	3.3	4.4
Direct Operating Expenses	4.2	5.2	6.4	3.4	4.1	5.8
Music & Entertainment	.1	.8	2.1	.8	1.4	2.1
Advertising & Promotion	1.1	2.1	2.9	1.6	2.4	3.8
Utilities	2.3	3.3	4.3	2.0	2.5	4.0
Administrative & General	2.8	3.9	7.1	2.4	4.4	8.1
Repairs & Maintenance	1.1	1.6	2.3	1.3	1.9	3.0
Total Controllable Expenses	44.8%	49.7%	55.8%	40.5%	46.2%	55.2%
Income Before Occupation Costs	8.4%	12.7%	17.6%	10.3%	15.5%	23.5%
Occupation Costs						
Rent, Property Taxes & Insurance	3.1%	5.7%	9.1%	2.8%	5.6%	9.0%
Income Before Interest & Depreciation	3.0%	7.3%	14.7%	6.2%	11.4%	19.3%
Interest	.5%	1.4%	3.6%	.7%	2.1%	2.6%
Depreciation	1.7%	2.6%	3.9%	1.4%	2.4%	4.6%
Restaurant Profit	(.1)%	3.4%	8.2%	1.1%	6.8%	14.1%

Exhibit B-16
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	$1,874	$2,800	$4,246	$2,352	$3,428	$5,262	$1,930	$3,016	$4,696
Beverage	458	1,055	2,072	505	1,208	1,907	405	835	1,611
Total Sales	$2,669	$4,228	$6,399	$2,763	$4,723	$6,873	$2,380	$3,885	$6,170
Cost of Sales									
Food	$ 784	$1,165	$1,740	$ 877	$1,413	$2,276	$ 765	$1,284	$1,986
Beverage	140	350	572	143	290	492	117	225	502
Total Cost of Sales	$ 966	$1,486	$2,302	$1,050	$1,839	$2,586	$ 896	$1,520	$2,346
Gross Profit	$1,613	$2,774	$3,958	$1,753	$2,791	$4,252	$1,511	$2,389	$3,755
Other Income	2	10	51	10	22	45	4	18	39
Total Income	$1,636	$2,669	$4,056	$1,765	$2,885	$4,270	$1,535	$2,397	$3,840
Controllable Expenses									
Payroll	$ 630	$1,094	$1,592	$ 763	$1,058	$1,740	$ 694	$1,034	$1,754
Employee Benefits	86	125	275	95	166	265	85	164	316
Direct Operating Expenses	100	183	363	129	223	360	112	198	321
Music & Entertainment	4	33	111	7	54	81	4	24	53
Advertising & Promotion	49	95	160	42	117	229	30	68	128
Utilities	73	125	153	115	143	198	79	120	170
Administrative & General	99	146	251	93	195	335	65	150	275
Repairs & Maintenance	25	53	78	45	78	121	43	73	119
Total Controllable Expenses	$1,113	$1,884	$3,109	$1,388	$2,091	$3,125	$1,191	$1,843	$3,074
Income Before Occupation Costs	$ 277	$ 586	$1,054	$ 334	$ 596	$1,178	$ 211	$ 472	$ 950
Occupation Costs									
Rent, Property Taxes & Insurance	$ 133	$ 294	$ 540	$ 141	$ 243	$ 400	$ 114	$ 204	$ 328
Income Before Interest & Depreciation	$ 30	$ 360	$ 962	$ 190	$ 363	$ 931	$ 93	$ 310	$ 724
Interest	$ 33	$ 102	$ 219	$ 25	$ 64	$ 133	$ 10	$ 36	$ 101
Depreciation	$ 86	$ 151	$ 215	$ 82	$ 125	$ 192	$ 47	$ 80	$ 149
Restaurant Profit	$ (136)	$ 129	$ 496	$ 39	$ 168	$ 645	$ 37	$ 179	$ 544

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$2,250	$3,439	$6,372	$1,971	$3,190	$4,696	$ 994	$2,102	$3,740
573	1,288	2,237	400	929	1,622	169	410	978
$2,770	$4,660	$7,530	$2,650	$4,254	$6,065	$1,451	$2,855	$4,992
$ 876	$1,414	$2,519	$ 765	$1,284	$1,907	$ 394	$ 815	$1,455
188	361	598	130	261	379	74	111	267
$1,021	$1,747	$2,864	$1,037	$1,704	$2,331	$ 515	$1,087	$1,653
$1,753	$2,962	$4,700	$1,614	$2,635	$3,744	$ 936	$1,672	$2,946
3	20	52	7	17	38	9	17	66
$1,843	$2,963	$4,710	$1,646	$2,635	$3,750	$ 936	$1,777	$2,959
$ 789	$1,216	$2,126	$ 665	$1,010	$1,502	$ 407	$ 713	$1,293
123	187	348	85	137	215	52	102	191
131	234	410	113	199	315	78	154	305
7	48	84	4	33	85	3	17	40
39	84	199	41	80	155	28	73	127
85	139	180	89	125	161	68	101	151
124	227	384	74	129	230	44	79	138
42	77	131	37	62	100	20	51	84
$1,554	$2,375	$3,566	$1,243	$1,900	$2,626	$ 703	$1,274	$2,024
$ 307	$ 602	$1,170	$ 310	$ 530	$ 997	$ 142	$ 356	$ 586
$ 137	$ 262	$ 415	$ 117	$ 228	$ 398	$ 74	$ 135	$ 375
$ 73	$ 383	$ 970	$ 129	$ 318	$ 672	$ 43	$ 281	$ 579
$ 27	$ 65	$ 139	$ 15	$ 47	$ 109	$ 18	$ 35	$ 88
$ 73	$ 149	$ 203	$ 56	$ 106	$ 171	$ 39	$ 73	$ 114
$ (36)	$ 201	$ 656	$ 24	$ 168	$ 353	$ 48	$ 151	$ 259

Exhibit B-17
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Years in Business								
	Under 5 Years			5 to 10 Years			Over 10 Years		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	68.3%	74.3%	81.6%	67.1%	75.2%	81.9%	72.1%	77.6%	87.2%
Beverage	20.6	26.3	32.8	18.7	25.3	32.9	16.1	24.0	28.1
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales									
Food	35.0%	40.1%	44.5%	36.7%	39.2%	45.5%	36.5%	38.2%	42.5%
Beverage	24.6	26.9	32.0	23.9	26.5	32.1	23.4	26.4	30.2
Total Cost of Sales	32.4%	37.0%	40.0%	34.4%	36.8%	41.5%	34.2%	36.8%	39.8%
Gross Profit	60.0%	63.0%	67.6%	58.5%	63.2%	65.6%	60.2%	63.2%	65.8%
Other Income	.1	.3	1.1	.3	.5	1.2	.1	.4	.9
Total Income	60.3%	62.9%	67.6%	59.2%	64.4%	66.3%	60.7%	63.8%	66.4%
Controllable Expenses									
Payroll	23.7%	28.9%	31.5%	21.9%	24.8%	28.8%	24.0%	28.3%	32.7%
Employee Benefits	2.7	3.9	5.6	2.7	4.0	5.2	2.9	4.3	5.4
Direct Operating Expenses	3.6	5.1	6.7	3.8	4.9	6.0	4.1	5.0	6.4
Music & Entertainment	.1	1.3	2.2	.2	1.2	2.1	.1	.5	1.9
Advertising & Promotion	1.4	2.2	3.7	1.4	2.3	3.2	.9	.9	2.8
Utilities	1.8	2.8	3.9	2.3	3.2	4.2	2.3	3.3	4.4
Administrative & General	2.6	3.8	5.9	2.5	4.5	8.1	2.2	3.8	5.9
Repairs & Maintenance	.8	1.1	2.0	1.2	1.7	2.4	1.3	1.8	2.5
Total Controllable Expenses	43.9%	49.4%	57.4%	42.2%	47.9%	53.2%	45.0%	50.5%	55.9%
Income Before Occupation Costs	8.0%	15.1%	21.0%	9.4%	14.0%	18.7%	8.6%	12.8%	17.9%
Occupation Costs									
Rent, Property Taxes & Insurance	3.7%	7.3%	10.9%	2.8%	6.1%	8.8%	3.0%	5.3%	8.9%
Income Before Interest & Depreciation	1.1%	8.2%	18.2%	4.4%	9.1%	16.5%	3.2%	8.4%	15.0%
Interest	1.2%	2.6%	4.7%	.4%	1.5%	3.8%	.4%	.9%	2.8%
Depreciation	2.4%	3.9%	5.8%	1.5%	2.7%	4.6%	1.5%	2.1%	3.3%
Restaurant Profit	(6.3)%	2.3%	9.2%	1.1%	5.1%	9.6%	1.0%	4.5%	9.7%

Location								
Urban			Suburban			Rural		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
68.0%	73.6%	80.3%	71.7%	76.1%	84.8%	68.2%	83.4%	91.7%
20.1	26.5	32.2	18.2	24.2	28.5	9.8	17.2	33.3
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
36.3%	38.6%	42.2%	36.4%	40.2%	44.7%	36.5%	37.8%	41.6%
23.2	25.4	29.4	24.3	27.3	32.7	25.6	29.4	35.9
33.7%	35.9%	39.3%	34.2%	38.1%	41.8%	35.3%	36.9%	39.5%
60.7%	64.2%	66.3%	58.2%	61.9%	65.8%	60.5%	63.1%	64.7%
.1	.4	1.1	.2	.3	1.0	.2	.5	1.7
61.1%	64.7%	66.9%	58.4%	62.3%	66.1%	60.6%	64.0%	65.7%
23.0%	27.1%	31.2%	22.0%	27.1%	30.1%	26.0%	29.0%	33.6%
3.1	4.4	5.4	2.5	3.5	4.8	2.6	3.8	5.7
4.0	4.8	6.4	3.7	5.0	6.1	4.1	5.3	6.6
.1	1.1	1.9	.1	1.1	2.2	.2	.6	3.9
1.2	2.1	2.8	1.1	2.0	3.7	.9	2.8	4.0
2.0	2.8	4.3	2.4	3.2	4.0	3.0	3.8	4.4
2.9	4.6	8.4	2.1	3.6	5.3	2.1	3.3	4.3
1.1	1.6	2.4	1.1	1.6	2.3	1.4	1.8	2.2
44.5%	50.9%	56.2%	42.1%	47.6%	52.7%	45.1%	48.8%	56.2%
8.5%	13.6%	18.7%	9.1%	13.4%	18.5%	8.1%	13.7%	18.4%
2.9%	5.6%	8.7%	3.2%	6.4%	8.8%	3.6%	6.0%	9.6%
2.0%	8.9%	16.6%	4.0%	7.5%	15.9%	2.2%	10.3%	15.7%
.5%	1.5%	3.8%	.5%	1.4%	3.3%	.5%	2.1%	3.2%
1.6%	2.8%	4.5%	1.5%	2.5%	3.9%	1.8%	2.4%	3.8%
(1.0)%	5.0%	10.1%	.9%	3.5%	8.6%	2.3%	4.7%	9.0%

Exhibit B-18
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	$1,860	$3,409	$4,703	$1,886	$2,785	$5,453	$2,103	$3,172	$4,894
Beverage	413	1,065	1,783	543	890	1,821	452	1,039	1,794
Total Sales	$2,190	$4,316	$5,727	$2,663	$4,176	$7,268	$2,605	$4,440	$6,756
Cost of Sales									
Food	$ 757	$1,364	$1,851	$ 728	$1,079	$2,236	$ 934	$1,440	$2,192
Beverage	116	287	520	141	216	409	133	285	533
Total Cost of Sales	$ 825	$1,600	$2,192	$ 970	$1,505	$2,666	$ 950	$1,657	$2,462
Gross Profit	$1,275	$2,545	$3,651	$1,733	$2,718	$4,481	$1,607	$2,635	$4,147
Other Income	8	19	44	2	15	33	7	25	60
Total Income	$1,360	$2,567	$3,651	$1,735	$2,762	$4,555	$1,675	$2,627	$4,305
Controllable Expenses									
Payroll	$ 522	$1,032	$1,598	$ 816	$ 981	$1,872	$ 761	$1,097	$1,934
Employee Benefits	72	159	268	128	167	297	85	156	284
Direct Operating Expenses	117	212	334	128	171	361	114	232	342
Music & Entertainment	4	13	55	10	39	57	6	58	101
Advertising & Promotion	34	68	130	22	66	224	45	99	185
Utilities	70	120	155	126	158	205	78	124	156
Administrative & General	79	135	225	121	238	337	67	152	306
Repairs & Maintenance	27	59	105	64	89	131	37	66	101
Total Controllable Expenses	$1,052	$1,755	$2,837	$1,516	$2,015	$3,361	$1,268	$1,944	$3,241
Income Before Occupation Costs	$ 203	$ 509	$ 803	$ 196	$ 562	$1,432	$ 334	$ 548	$1,056
Occupation Costs									
Rent, Property Taxes & Insurance	$ 109	$ 220	$ 395	$ 117	$ 240	$ 371	$ 122	$ 257	$ 465
Income Before Interest & Depreciation	$ 98	$ 290	$ 541	$ (61)	$ 444	$1,241	$ 156	$ 328	$ 831
Interest	$ 32	$ 53	$ 104	$ 5	$ 114	$ 224	$ 12	$ 47	$ 111
Depreciation	$ 54	$ 100	$ 157	$ 85	$ 159	$ 226	$ 63	$ 105	$ 183
Restaurant Profit	$ (7)	$ 160	$ 340	$ (127)	$ 192	$ 930	$ 61	$ 184	$ 562

Sales Volume ($000)								
Under $750			$750 to $1,499			$1,500 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$1,400	$2,180	$3,014	$2,514	$3,531	$4,952	$4,234	$5,825	$ 8,152
331	488	999	686	1,171	1,851	1,458	2,168	3,362
$1,766	$2,777	$4,026	$3,698	$5,225	$6,445	$5,548	$7,428	$11,387
$ 544	$ 879	$1,263	$1,053	$1,474	$1,997	$1,755	$2,319	$ 3,125
79	143	269	197	311	472	339	598	1,139
$ 632	$1,048	$1,581	$1,327	$1,897	$2,487	$2,059	$2,784	$ 4,056
$1,155	$1,702	$2,545	$2,300	$3,225	$4,162	$3,395	$4,661	$ 7,449
2	13	40	4	21	57	12	25	47
$1,187	$1,718	$2,567	$2,300	$3,232	$4,273	$3,408	$4,664	$ 7,454
$ 516	$ 700	$1,048	$ 875	$1,282	$1,766	$1,380	$2,147	$ 2,917
55	100	163	129	188	289	191	328	550
78	122	193	159	252	365	304	399	581
3	33	57	9	48	85	7	24	101
28	51	94	60	116	194	72	160	246
66	94	140	115	149	180	122	157	240
61	115	195	104	202	322	178	290	704
23	44	73	57	78	119	31	136	181
$ 922	$1,295	$1,838	$1,752	$2,401	$3,198	$2,614	$3,555	$ 5,121
$ 151	$ 361	$ 602	$ 362	$ 617	$1,297	$ 643	$1,087	$ 2,377
$ 98	$ 183	$ 293	$ 134	$ 274	$ 413	$ 177	$ 326	$ 597
$ 15	$ 198	$ 454	$ 233	$ 417	$1,141	$ 261	$ 763	$ 1,800
$ 7	$ 37	$ 110	$ 32	$ 70	$ 204	$ 33	$ 56	$ 130
$ 50	$ 73	$ 144	$ 76	$ 119	$ 194	$ 107	$ 158	$ 233
$ (29)	$ 88	$ 238	$ 48	$ 192	$ 694	$ 79	$ 513	$ 1,491

Exhibit B-19
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Affiliation								
	Single Unit Independent			Multi-Unit Company Operated			Multi-Unit Franchisee Operated		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales									
Food	70.3%	76.3%	86.4%	69.8%	74.8%	79.0%	68.9%	75.3%	82.9%
Beverage	13.8	24.5	32.7	21.0	25.2	30.2	17.3	24.9	31.1
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales									
Food	36.3%	40.4%	44.5%	35.4%	37.3%	41.0%	37.0%	39.9%	44.7%
Beverage	23.6	29.0	36.2	22.9	25.2	27.1	24.4	27.0	32.1
Total Cost of Sales	35.2%	38.3%	42.2%	33.0%	34..4%	37.8%	34.5%	36.9%	41.4%
Gross Profit	57.8%	61.7%	64.9%	62.2%	65.6%	67.0%	58.6%	63.1%	65.5%
Other Income	.2	.4	1.0	.1	.3	.9	.2	.6	1.8
Total Income	59.0%	62.0%	65.7%	62.5%	65.9%	67.4%	60.2%	63.5%	66.3%
Controllable Expenses									
Payroll	22.6%	27.3%	30.2%	22.0%	25.6%	30.7%	23.5%	28.4%	31.5%
Employee Benefits	2.8	3.9	5.1	3.6	4.7	5.6	2.5	3.5	5.2
Direct Operating Expenses	4.1	5.2	6.6	3.9	4.6	5.7	3.9	5.3	6.4
Music & Entertainment	.1	.4	1.9	.2	1.3	1.9	.2	1.2	2.6
Advertising & Promotion	1.2	2.2	2.9	.8	1.6	2.8	1.6	2.3	3.6
Utilities	2.2	3.1	4.0	2.2	3.9	5.7	2.1	2.9	3.8
Administrative & General	2.7	3.8	5.1	2.3	7.8	9.3	2.5	3.5	5.8
Repairs & Maintenance	1.0	1.6	2.2	1.4	2.2	3.2	1.1	1.6	2.1
Total Controllable Expenses	44.1%	48.2%	53.4%	44.8%	51.7%	60.0%	42.8%	47.8%	55.3%
Income Before Occupation Costs	8.5%	13.6%	17.7%	5.9%	14.2%	18.8%	9.1%	12.8%	20.5%
Occupation Costs									
Rent, Property Taxes & Insurance	3.0%	5.2%	8.6%	2.3%	6.7%	9.3%	3.8%	6.7%	9.6%
Income Before Interest & Depreciation	3.0%	7.6%	14.2%	(1.2)%	11.5%	20.2%	4.3%	8.9%	15.1%
Interest	.6%	1.3%	3.2%	.7%	3.5%	6.2%	.5%	1.4%	2.8%
Depreciation	1.6%	2.8%	3.5%	1.5%	2.9%	6.2%	1.6%	2.4%	3.8%
Restaurant Profit	(.1)%	3.6%	8.2%	(5.5)%	5.0%	12.1%	1.6%	4.6%	9.3%

Sales Volume ($000)								
Under $750			$750 to $1,499			$1,500 and Over		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
72.4%	77.2%	88.1%	69.6%	75.7%	82.8%	66.9%	71.9%	77.6%
14.2	24.0	28.2	17.8	24.9	31.3	22.4	28.1	33.1
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
35.7%	40.0%	44.5%	37.1%	39.0%	42.5%	35.6%	38.4%	44.7%
24.8	28.4	35.0	23.8	26.3	29.2	22.7	25.0	29.0
34.4%	37.4%	42.2%	34.1%	36.2%	40.0%	33.2%	35.8%	39.6%
57.8%	62.6%	65.6%	60.0%	63.8%	65.9%	60.4%	64.2%	66.8%
.1	.4	1.1	.1	.4	1.0	.2	.3	.7
59.1%	62.8%	66.1%	60.1%	64.1%	66.3%	60.7%	64.5%	67.2%
22.5%	26.1%	31.9%	23.1%	26.6%	31.2%	22.2%	26.0%	30.3%
2.6	3.8	5.1	3.0	4.2	5.4	2.9	4.7	5.7
3.6	4.8	6.4	4.0	5.0	6.2	4.2	5.5	6.6
.1	1.3	2.2	.2	1.2	1.9	.1	.4	1.7
1.1	2.0	3.0	1.1	2.3	3.6	1.3	2.1	2.8
2.7	3.8	5.1	2.2	2.9	3.7	1.6	2.2	2.9
2.5	3.8	6.4	2.6	3.8	7.6	2.3	4.4	7.3
1.0	1.7	2.5	1.2	1.6	2.3	1.2	1.8	2.2
42.6%	48.8%	55.7%	44.1%	49.9%	55.9%	44.0%	48.3%	50.9%
6.8%	13.2%	19.3%	8.6%	13.0%	18.1%	10.5%	15.4%	18.9%
3.8%	7.2%	9.5%	2.6%	5.8%	8.2%	2.2%	5.1%	8.0%
1.4%	7.4%	14.9%	4.8%	8.2%	16.1%	5.6%	10.0%	16.1%
.3%	1.5%	3.7%	.6%	1.5%	3.5%	.4%	.9%	2.0%
1.7%	3.0%	5.2%	1.5%	2.5%	3.7%	1.5%	2.3%	3.1%
(2.1)%	3.4%	8.4%	2.0%	4.4%	9.5%	2.0%	6.8%	11.8%

Exhibit B-20
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	$1,509	$3,000	$4,232	$1,841	$2,514	$3,541
Beverage	343	866	1,501	424	749	1,338
Total Sales	$1,804	$3,858	$5,453	$2,249	$3,187	$4,996
Cost of Sales						
Food	$ 573	$1,345	$1,839	$ 707	$1,002	$1,518
Beverage	98	271	514	118	197	379
Total Cost of Sales	$ 654	$1,562	$2,167	$ 810	$1,276	$1,797
Gross Profit	$1,198	$2,300	$3,279	$1,373	$1,937	$2,962
Other Income	4	17	48	2	13	34
Total Income	$1,201	$2,300	$3,279	$1,434	$1,955	$2,963
Controllable Expenses						
Payroll	$ 432	$ 855	$1,567	$ 648	$ 875	$1,120
Employee Benefits	54	127	274	85	131	186
Direct Operating Expenses	117	259	319	93	153	232
Music & Entertainment	4	19	75	28	48	84
Advertising & Promotion	34	54	122	28	70	131
Utilities	67	127	152	88	129	173
Administrative & General	59	126	206	98	153	292
Repairs & Maintenance	41	59	95	34	68	92
Total Controllable Expenses	$ 921	$1,605	$2,650	$1,145	$1,622	$2,158
Income Before Occupation Costs	$ 181	$ 421	$ 742	$ 158	$ 386	$ 602
Occupation Costs						
Rent, Property Taxes & Insurance	$ 104	$ 173	$ 351	$ 107	$ 219	$ 300
Income Before Interest & Depreciation	$ 80	$ 297	$ 591	$ 22	$ 282	$ 471
Interest	$ 11	$ 62	$ 122	$ 26	$ 71	$ 136
Depreciation	$ 55	$ 91	$ 177	$ 56	$ 118	$ 191
Restaurant Profit	$ 38	$ 144	$ 347	$ (84)	$ 78	$ 217

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$1,810	$3,172	$4,935	$3,364	$4,861	$6,813
433	979	1,760	1,015	1,561	2,404
$2,269	$4,026	$6,395	$4,619	$6,283	$8,586
$ 769	$1,234	$2,266	$1,364	$1,850	$2,700
123	283	484	221	387	638
$ 951	$1,537	$2,582	$1,646	$2,328	$3,055
$1,510	$2,765	$3,895	$2,883	$3,840	$5,780
4	25	80	11	25	56
$1,630	$2,762	$3,952	$2,883	$3,965	$5,830
$ 657	$1,019	$1,647	$1,120	$1,575	$2,315
72	156	272	160	278	507
122	214	373	198	303	411
3	33	88	2	9	71
42	81	219	51	131	246
69	101	158	107	155	183
60	154	302	110	189	372
22	59	122	63	88	155
$1,075	$1,843	$3,141	$2,027	$2,913	$4,045
$ 204	$ 509	$ 963	$ 630	$1,001	$1,773
$ 108	$ 224	$ 487	$ 151	$ 271	$ 465
$ 111	$ 301	$ 663	$ 346	$ 844	$1,728
$ 28	$ 40	$ 96	$ 12	$ 43	$ 217
$ 55	$ 93	$ 141	$ 70	$ 139	$ 195
$ 24	$ 167	$ 343	$ 189	$ 616	$1,336

Exhibit B-21
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Region					
	Northeast			North Central		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	70.3%	76.9%	89.1%	70.6%	75.6%	82.9%
Beverage	14.4	25.3	33.2	17.3	24.7	29.4
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales						
Food	36.8%	42.7%	47.6%	36.7%	39.0%	43.6%
Beverage	25.5	29.1	37.3	23.6	25.9	30.2
Total Cost of Sales	35.5%	38.0%	42.5%	34.2%	37.4%	40.1%
Gross Profit	57.5%	62.0%	64.5%	59.9%	62.6%	65.8%
Other Income	.2	.4	1.1	.1	.3	1.0
Total Income	59.1%	62.2%	65.0%	60.5%	63.9%	66.3%
Controllable Expenses						
Payroll	21.5%	26.3%	29.7%	24.0%	28.0%	31.7%
Employee Benefits	2.6	4.1	5.2	2.7	3.9	5.2
Direct Operating Expenses	4.1	5.3	7.4	3.7	4.5	6.0
Music & Entertainment	.1	.4	3.3	1.1	1.7	2.2
Advertising & Promotion	1.4	2.1	2.5	1.0	2.0	3.6
Utilities	2.7	3.3	4.3	2.7	3.9	5.3
Administrative & General	2.1	3.6	5.1	3.2	5.0	8.4
Repairs & Maintenance	1.2	1.8	2.3	1.1	1.7	2.7
Total Controllable Expenses	44.1%	47.8%	52.4%	42.4%	51.0%	58.7%
Income Before Occupation Costs	8.7%	12.6%	18.1%	6.4%	12.0%	17.7%
Occupation Costs						
Rent, Property Taxes & Insurance	3.4%	6.3%	9.5%	4.1%	7.2%	9.2%
Income Before Interest & Depreciation	3.2%	7.9%	15.4%	.3%	7.1%	13.7%
Interest	.5%	2.1%	3.5%	.5%	1.9%	3.9%
Depreciation	1.8%	3.0%	3.9%	1.8%	3.0%	5.5%
Restaurant Profit	1.5%	3.5%	7.9%	(3.2)%	2.0%	7.4%

Region					
South			West		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
67.1%	74.4%	84.4%	68.3%	76.2%	81.8%
17.4	25.7	32.9	18.5	24.3	31.8
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
36.5%	39.6%	44.6%	34.1%	37.7%	41.8%
24.4	29.0	36.5	23.1	25.2	27.7
34.1%	36.5%	40.2%	32.0%	35.9%	40.0%
59.8%	63.5%	65.9%	60.0%	64.1%	68.0%
.1	.5	1.7	.2	.3	.9
60.2%	63.4%	66.1%	60.1%	64.8%	68.9%
22.9%	28.1%	31.6%	22.0%	26.0%	31.4%
2.6	3.6	5.0	3.3	4.4	5.7
4.6	5.9	6.7	4.0	4.8	5.9
.1	.8	1.7	.1	.2	1.2
1.3	2.1	3.1	1.0	2.2	3.2
1.8	2.9	3.8	1.7	2.2	3.2
2.8	3.7	6.0	2.1	3.2	5.8
1.0	1.4	2.2	1.1	1.6	2.1
46.1%	49.4%	55.6%	41.6%	47.3%	53.6%
8.7%	13.2%	16.9%	13.3%	17.3%	22.0%
3.3%	6.5%	9.2%	2.4%	5.4%	7.5%
2.8%	7.4%	12.7%	7.5%	12.5%	21.2%
.4%	1.2%	2.1%	.5%	1.2%	4.2%
1.4%	2.5%	4.1%	1.4%	2.0%	3.2%
.4%	3.6%	6.8%	4.6%	10.0%	14.5%

Exhibit B-22
Food and Beverage
Statement of Income and Expenses—Amount Per Seat

	Menu Theme					
	Steak and Seafood			American		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	$1,976	$3,213	$4,901	$1,884	$2,987	$4,882
Beverage	543	1,033	1,705	404	835	1,661
Total Sales	$2,773	$4,490	$6.168	$2,208	$3,824	$6,123
Cost of Sales						
Food	$ 885	$1,457	$2,207	$ 750	$1,264	$1,909
Beverage	142	283	433	116	231	436
Total Cost of Sales	$1,082	$1,876	$2,443	$ 809	$1,402	$2,192
Gross Profit	$1,694	$2,614	$3,715	$1,327	$2,388	$3,965
Other Income	2	13	37	8	19	40
Total Income	$1,701	$2,627	$3,768	$1,329	$2,400	$3,965
Controllable Expenses						
Payroll	$ 798	$1,010	$1,335	$ 606	$1,019	$2,081
Employee Benefits	100	161	237	85	155	289
Direct Operating Expenses	122	201	305	104	185	326
Music & Entertainment	13	39	71	5	41	87
Advertising & Promotion	28	86	188	38	62	129
Utilities	89	127	156	90	143	200
Administrative & General	399	102	172	67	146	277
Repairs & Maintenance	81	51	72	42	77	120
Total Controllable Expenses	$2,138	$1,448	$1,979	$1,100	$2,015	$3,179
Income Before Occupation Costs	$ 751	$ 308	$ 561	$ 176	$ 410	$ 757
Occupation Costs						
Rent, Property Taxes & Insurance	$ 399	$ 109	$ 221	$ 122	$ 219	$ 345
Income Before Interest & Depreciation	$ 135	$ 321	$1,004	$ 82	$ 268	$ 556
Interest	$ 30	$ 71	$ 133	$ 8	$ 35	$ 107
Depreciation	$ 67	$ 103	$ 175	$ 50	$ 117	$ 196
Restaurant Profit	$ 12	$ 164	$ 690	$ 24	$ 130	$ 287

Menu Theme					
European/Continental			All Others		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
$1,793	$3,891	$6,110	$2,229	$3,486	$4,823
512	1,229	2,425	263	1,025	1,971
$2,332	$4,637	$6,399	$2,694	$4,316	$6,752
$ 677	$1,373	$2,620	$ 819	$1,382	$1,818
151	379	835	83	217	581
$ 928	$1,789	$2,953	$1,002	$1,571	$2,444
$1,633	$2,847	$4,129	$1,636	$2,784	$4,424
1	15	58	20	49	111
$1,633	$2,786	$4,167	$1,689	$2,996	$4,513
$ 668	$1,234	$1,995	$ 655	$1,032	$1,906
70	190	345	85	144	296
117	224	373	121	226	306
3	24	64	3	7	99
51	90	136	42	88	226
72	126	174	72	120	175
79	194	399	98	155	256
30	75	131	28	59	86
$1,176	$1,994	$3,409	$1,178	$2,015	$3,335
$ 227	$ 562	$ 962	$ 429	$ 632	$1,280
$ 149	$ 258	$ 462	$ 111	$ 250	$ 508
$ 84	$ 319	$ 683	$ 282	$ 471	$ 953
$ 31	$ 52	$ 111	$ 14	$ 81	$ 161
$ 57	$ 126	$ 179	$ 63	$ 105	$ 185
$ (7)	$ 160	$ 477	$ 77	$ 265	$ 648

Exhibit B-23
Food and Beverage
Statement of Income and Expenses—Ratio to Total Sales

	Menu Theme					
	Steak and Seafood			American		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Sales						
Food	71.6%	75.9%	79.9%	65.7%	75.0%	90.0%
Beverage	20.2	24.1	28.5	15.7	25.6	35.3
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales						
Food	37.6%	41.7%	46.0%	36.6%	38.8%	42.1%
Beverage	23.6	25.9	28.5	23.0	26.2	30.0
Total Cost of Sales	34.8%	39.1%	42.7%	34.4%	36.2%	39.4%
Gross Profit	57.3%	60.9%	65.2%	60.6%	63.8%	65.6%
Other Income	N	.3%	.7%	.2%	.6%	1.0%
Total Income	57.9%	61.5%	65.9%	61.9%	64.1%	66.4%
Controllable Expenses						
Payroll	21.3%	25.8%	30.0%	24.2%	28.7%	32.4%
Employee Benefits	2.6	3.8	5.3	3.5	4.2	5.6
Direct Operating Expenses	4.0	4.7	5.8	4.1	5.0	6.4
Music & Entertainment	.3	1.2	2.0	.1	1.1	2.1
Advertising & Promotion	1.1	2.1	3.4	1.1	1.9	2.7
Utilities	2.1	2.8	4.2	3.0	3.9	4.9
Administrative & General	2.4	4.0	7.9	2.2	3.7	8.3
Repairs & Maintenance	1.2	1.7	2.3	1.4	1.9	2.9
Total Controllable Expenses	42.1%	48.2%	54.5%	47.6%	52.2%	57.7%
Income Before Occupation Costs	9.2%	13.5%	17.6%	7.4%	12.0%	17.5%
Occupation Costs						
Rent, Property Taxes & Insurance	2.2%	6.0%	8.6%	3.3%	5.7%	9.2%
Income Before Interest & Depreciation	4.0%	9.0%	15.1%	2.7%	7.2%	14.4%
Interest	.6%	1.7%	3.1%	.4%	1.1%	3.6%
Depreciation	1.5%	2.4%	3.8%	1.6%	2.8%	4.5%
Restaurant Profit	.8%	4.5%	9.7%	.5%	3.6%	7.8%

N—Negligible.

Menu Theme					
European/Continental			All Others		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
69.6%	73.2%	78.5%	70.3%	79.2%	89.3%
21.5	26.8	30.4	13.3	23.4	29.8
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
32.0%	37.5%	41.8%	34.5%	38.3%	43.3%
25.4	30.3	36.6	23.0	26.8	32.2
33.7%	37.0%	41.7%	30.5%	35.2%	39.2%
58.3%	63.0%	66.3%	60.8%	64.8%	69.5%
.1	.2	.9	.4	.9	2.2
58.6%	63.0%	67.0%	61.2%	65.1%	70.8%
22.1%	26.6%	31.9%	22.3%	27.3%	29.1%
2.6	3.9	5.4	2.6	4.0	4.8
3.5	5.4	7.3	4.1	5.2	6.2
.1	.4	2.2	.1	.3	1.7
1.5	2.2	2.8	1.1	2.5	4.0
2.3	2.9	3.3	2.0	2.7	3.7
3.1	4.4	6.2	2.2	3.3	4.7
1.0	1.4	2.1	.8	1.2	2.1
44.3%	47.5%	55.1%	41.7%	46.7%	53.7%
9.4%	13.3%	18.6%	10.9%	17.9%	26.1%
3.4%	5.7%	9.4%	3.3%	6.2%	9.6%
2.5%	7.2%	16.0%	5.6%	12.5%	22.9%
.6%	1.3%	3.3%	.4%	1.5%	3.7%
1.4%	2.6%	3.5%	2.0%	2.9%	4.3%
(.1)%	3.3%	9.9%	3.2%	7.4%	10.7%

Comments From Laventhol & Horwath Offices Around the Country

From Atlanta

Trends in Metropolitan Atlanta continued to reflect a strong overall restaurant industry in 1981. Area disposable income has continued to increase at a rapid rate. However, the recession has affected two specific sectors of Atlanta in a negative manner. Passenger activity at Hartsfield International Airport has continued to decline, which has depressed restaurant revenue in much of south Atlanta. In addition, marginal convention activity at the major hotels has produced mixed results among downtown restaurants.

Restaurants in the northern suburbs of Atlanta continue to benefit from increases in affluent population, office supply and hotel development. Operators there generally reported real growth in sales despite significant increases in competition in 1981. This area's most successful facilities are medium-priced operations that offer tableservice and emphasize beverage sales. Many Mexican and Tex/Mex restaurants have been developed in the northern suburbs and generally are being received well.

Buckhead, and the Lenox Square area in particular, continues to be a good location for restaurant operation. Many of Atlanta's more successful fine-dining restaurants are located there, and overall trends have been positive. Lenox Square Mall is being expanded and several ambitious office projects are under construction, contributing to a positive outlook for the future.

Restaurants in the downtown area have been affected adversely by economic conditions, but improvement is expected. Major increases in office space and hotel rooms indicate a substantial near-term increase in potential patronage. An operator of a popular chain of innovative fine-dining establishments in Atlanta has been very successful with a new multiconcept restaurant downtown. This was one of the first major new restaurants in recent years to attract local patronage to the downtown area during the evening. This development, along with the success of another new restaurant, are indications of development potential in the central business district.

Atlanta remains one of the country's premier areas for restaurant operation. Its youthful, active and affluent population far exceeds the national average for meals eaten away from home. Lounge and entertainment facilities benefit in a similar manner.

William G. Moeckel
David T. Neises
Atlanta

From Baltimore

The restaurant industry in Baltimore has benefited from significant growth in both the visitor and residential markets during the past year. Industry growth has been related directly to the increasing popularity of the revitalized downtown Inner Harbor area.

Baltimore's dynamic resurgence has afforded tremendous opportunity for restaurant development. The Rouse Company's two pavilions, which contain a unique variety of retail and eating establishments, attracted 18 million visitors (both resident and out-of-town) in 1981. Attendance at the new National Aquarium has exceeded projections by 28 percent, and the city's Convention Center continues to surpass its projected attendance. A major hotel chain recently opened a new facility, and freestanding restaurants in the harbor area also have been highly successful.

Development in downtown Baltimore continues in all sectors, providing future opportunities for growth in the restaurant industry. An additional 2.5 million square feet of commercial office space is scheduled for development within the next two to three years. The Maryland Science Center is expanding, and the waterfront power plant is scheduled to be developed into a major mixed-entertainment center. Plans have been announced for the development of the downtown area's first luxury condominium project overlooking the harbor. In addition, development is progressing on Baltimore's first shipboard restaurant, now in place near the National Aquarium's pier.

Aggressive development activities such as these are expected to attract additional resident and out-of-town visitors, as well as further enhance the ongoing commercial activity.

James C. Fisher
Douglas Henry
Washington, D.C.

From Boston

For Boston's restaurant industry, 1981 was an exciting year marked by the addition of several new freestanding ethnic restaurants. Faneuil Hall Marketplace continues to be highly successful, and despite national recessionary trends, turnover of restaurants remains low.

Although hotel occupancies were down slightly in 1981, Boston's newest hotels are experiencing exceptional levels of sales and patronage.

Restaurant development and expansion has not been confined to Faneuil Hall. Suburban areas, especially Cambridge, have accepted new establishments characterized by value for the food dollar. Activity has increased in the theater district, and the quality of existing food and beverage operations has improved.

Operators' interest in computer hardware, software and point-of-sale terminals was strong throughout 1981. Menu costing, payroll, and energy and other controls also are receiving increasing attention.

The Greater Boston restaurant industry should continue to be healthy during the next year as more redevelopment and new hotel and restaurant construction take place. We anticipate that an increasing variety of concepts, cuisine and services will become available to patrons of Boston's restaurant facilities, complementing the city's reputation for seafood and New England style food preparation.

Peter D. Keim
Karen D. Mastrobattista
Boston

From Chicago

The restaurant industry in Chicago has continued to grow. National and regional chains have infiltrated the Rush Street area, one of the busiest centers of activity in the city. High-priced restaurants of all types also are springing up on the Near North Side of the city. A number of outdoor cafes also have opened in this area.

Until last year, not many new full-service restaurants had opened in the Loop, Chicago's business district. However, several recent openings suggest that a change is taking place. This growth is expected to continue in conjunction with the revitalization of various areas of the Loop.

The major new foodservice establishments in the suburbs tend to be housed in recently opened hotels.

Even with the impressive number of new restaurants, sales are expected to increase on a per-unit basis next year.

Richard Conti
Chicago

From Cleveland

For Cleveland restaurateurs, 1981 was not the best year. Cleveland's economy has been hurt by the recession, and the area has experienced high unemployment. Despite local economic conditions, area restaurants experienced a modest increase in total sales. Downtown luncheon sales were strong because of the large number of working people concentrated in the small central business district. Dinner and weekend business is improving, but suburban restaurants are still much more successful in capturing this demand, causing some downtown restaurants to close during these periods. Restaurateurs look toward an economic upturn and development in the downtown area to bring sales to their potential level.

Trends for Cleveland restaurants through the 1980s will include continued development of specialty concepts in an attempt to capture the business created by downtown development. At the newly renovated Tower City concourse, several specialty fast food restaurants arranged in a food court atmosphere opened. A number of additional restaurants are expected to open in the concourse during 1982, enhancing the food court concept.

Several fast food restaurants were closed in early 1982 to make way for SOHIO's new world headquarters, construction of which is scheduled to begin this year. The lobby area is expected to offer tableservice and fast food dining alternatives when it opens in early 1986.

Three major office buildings currently under construction are expected to bring more people downtown for a wider variety of purposes, creating additional food and beverage demand.

The city is encouraging any development that will enhance downtown activity. The Playhouse Square Foundation is renovating three theaters within the Playhouse Square complex in an attempt to bring theater back to its former level. In addition, if the proposed Cleveland State University Convocation Center is built, a significant amount of nighttime entertainment will be introduced downtown, enhancing the general level of activity in the city. This trend will help stabilize restaurant demand in the evenings and on weekends, enabling new restaurants to open. Increased downtown residential development would be a boon to area restaurants, but such development still has not gained wide market acceptance.

As dining and drinking alternatives (such as the recent opening of a new downtown nightclub) increase, more people will discover the downtown area to be as lively and entertaining as it once was.

Betsy Fay
Steven Zamborsky
Cleveland

From Dallas

The restaurant industry in Dallas remains strong because of commercial visitors, conventions and tourist traffic, as well as solid local patronage. A number of new restaurants opened in 1981, and most established operators reported increases in sales.

Addison, a northern suburb, continued to be an active area for restaurant development. New operations include both freestanding restaurants and facilities that are part of mixed-use and retail developments.

Irving, a suburb to the northwest of Dallas, recently approved the sale of liquor by the drink in restaurants. Restaurant development has begun to increase in Irving and the Las Colinas development located within it. This growth is expected to continue, stimulated by the new liquor law and extensive office and residential development in the area.

The majority of new suburban restaurants have been chain-operated theme restaurants catering to singles and young couples. These operations are concentrated primarily in "wet" areas (which permit sale of liquor by the drink), including Addison, Irving, Arlington and parts of Dallas.

The restaurant industry in Dallas will continue to expand during the 1980s. Many of the new operations will be located in the new first-class hotels scheduled to open in 1982 and 1983. These restaurants are expected to compete effectively within this competitive marketplace as many area hotel restaurants already have done. The outlook for the restaurant industry in Dallas is optimistic, with continued growth expected in the area economy.

Margelia L. Jones
Steve E. Pollak
Dallas

From Denver

In 1981, Denver and the entire Rocky Mountain Region continued to benefit from the nation's desire to develop new energy sources. Synthetic fuel development and oil exploration continued at a rapid pace. In addition, the relocation of many high technology industry firms to the Rocky Mountain Region has resulted in increased population and employment. The restaurant industry has benefited from this rapid economic growth. Existing restaurants are prospering, and there is extensive new restaurant development.

The central business district continued to grow in 1981. More than 1.8 million square feet of first-class office space was absorbed and another eight million square feet of space is under construction. Vacancy rates remain among the lowest in the nation. In addition to this activity, construction continued on the 16th Street Mall, a pedestrian mall and transitway, which, when completed in late 1982, will bisect the revitalized central business district and provide a retail and activity center. In the "lower downtown" area, several rehabilitation projects are turning historic buildings in warehouse areas into small luxury hotels, retail complexes and restaurant clusters while maintaining the facades and architectural integrity.

The continued redevelopment activity and absorption of first-class office space provide an excellent environment for restaurant development, and several major restaurants opened in 1981. Those located near or in office buildings are experiencing strong after-work cocktail demand. All this activity reflects the continuing efforts of the public and private sectors to rejuvenate the central business district and provide the necessary dining facilities and recreational activities to increase evening patronage.

As residential and commercial development continues to occur throughout Metropolitan Denver, there will be additional need for restaurants. The population of Denver and its suburbs, much of which has relocated from other regions of the country, continues to be categorized as young, two-income families with considerable disposable income. Such families tend to dine out more often. National chain restaurants, however, did not experience the strong growth they had in recent years. Instead, small local chains and private entrepreneurs have begun to fill this market need. This has resulted in a greater number of restaurants offering Mexican, Oriental and other types of ethnic cuisine, and also seafood restaurants. These operations are providing excellent price/value relationships and have had an immediate impact on the market.

Existing restaurants report that utilization levels have stabilized. To combat rising labor and energy costs, these restaurants have increased menu prices to levels more reflective of those in larger cities. In addition, operators continue to look at cost control and marketing techniques, such as early bird and birthday specials, to try to fill nonpeak dining hours.

The "front range" area, defined as the eastern slope of the Rocky Mountains from Fort Collins to Colorado Springs, has been targeted by many high technology industries for the relocation or construction of new plants. This is primarily because of the excellent transportation systems, quality of life and education facilities within the area. The increase in population along these front range communities has spurred restaurant development.

Although the region's dynamic economic growth may slow down in 1982 because of reduced governmental emphasis on synthetic fuel development and the world oil situation, the outlook for the mid- and late 1980s is very optimistic. Because of the continuing growth of the recreational facilities in the Rocky Mountains, the emphasis on energy and mineral exploration, and the attraction of many high technology industries to the region, the Denver area will continue to have excellent potential for restaurant operations.

John S. Nishijima
Steve Wagenheim
Denver

From Detroit

Despite the current recession, Detroit continues to be a major area for restaurant activity. *Sales and Marketing Management* magazine estimated total sales for eating and drinking establishments in the Detroit area to be in excess of $2 billion in 1981. Detroit ranks fifth nationally in such food and beverage sales, ahead of Boston, Philadelphia, Dallas, Fort Worth and Houston. The magnitude of the Detroit food and beverage market indicates that there are opportunities for restaurateurs to attract customers who are hungry for quality, variety and service.

Through the exhaustive sales and promotion efforts of the Metropolitan Detroit Convention and Visitors Bureau, the Detroit area has become well known as an outstanding convention, meeting and special event host. Local restaurateurs enjoyed the fruits of the convention bureau's labors when events such as Super Bowl XVI and the Detroit Grand Prix auto race attracted numerous hungry fans.

Cost containment continues to be a priority for local operators. Restaurateurs recently have been assisted by stabilized commodity prices and labor costs and Michigan's reformed workers' compensation laws. Food prices (especially beef), which had skyrocketed in recent years, have moderated or decreased in 1982. Additionally, for the first time in eight years, the minimum wage will not increase in 1982. Michigan's workers' compensation reforms, which became effective on January 1, 1982, should reduce employers' payments for workers' compensation.

The recent recessionary environment has made customers more price sensitive. Operators have responded with imaginative foods, atmosphere and entertainment at reasonable prices. Mexican food, with its low menu prices and low food costs, has been increasingly popular with local customers and operators. Some restaurateurs have attempted to appease price-sensitive customers by reducing both portion sizes and menu prices. Breakfast appears to be the growth meal for restaurant operators. The reasons for this growth include belief that the morning meal is a good value because of the relatively low cost for breakfast items, the growing concern for nutrition, and the increasing number of working women. The combination of food service and video games, as illustrated by several pizza chains, appears destined for dynamic growth.

We expect 1982 to conclude with an upward trend. The increase in Social Security benefits should bolster customer traffic in certain market segments. The recent downturn in interest rates should accelerate new development. Despite national press to the contrary, Detroit is and will continue to be a strong restaurant market.

John H. Leary
Detroit

From Houston

The restaurant industry in Houston continues to expand more rapidly than the rest of the industry nationwide, although this growth has subsided somewhat in response to national economic trends. Demand is shifting toward fast food boutiques, which are fancy fast food units offering a limited range of well-prepared menu items. Average checks at these restaurants are lower than at traditional full-service and Continental restaurants. In some instances, the fast food boutiques' reputations as good restaurants are less important than their reputations as social gathering places.

To keep up with changing tastes, restaurateurs are taking a fresh approach with more innovative entrees. By reducing portion sizes of high cost items, they are able to spend the extra payroll dollars to prepare fresh fruits, vegetables and exotic seafoods. It is hoped that these menu changes will justify future price increases, since check averages have been relatively stable during the past year.

Because of the decline in the oil-related service industries and expense account cutbacks, patronage at Houston's city clubs and some of the higher-priced restaurants has declined. The economic downturn also has been a factor in increased unemployment. However, increasing unemployment has had a positive impact on restaurant employee turnover, a historic problem in Houston.

In terms of new development, commercial developers have been reluctant to include tableservice restaurants in the design of their office building complexes. Many kitchenettes and small employee dining rooms are now incorporated in office suites. There has been an increase in the supply of takeout services, and street vending also has surfaced as a potential method for meeting the increasing demand for food service.

The Houston restaurant industry should continue to provide new dining alternatives in response to a growing need for food service. This trend toward diversification will further stimulate growth in the industry.

Susan Orinsby
Robert Massey
Houston

From Los Angeles

In 1981, customer counts at area restaurants declined, on average, approximately 5 percent from 1980 to 1981. However, check averages increased about 12 percent, resulting in average sales increases of roughly 6 percent. Although the increase in check averages was the smallest in several years, it was sufficient to cover increases in the major operating costs.

There was little expansion activity during 1981. However, by the end of the year many operators were again considering or planning expansion on the assumption that a turnaround in the economy is imminent.

Perhaps the most interesting trend to become visible in Southern California during 1981 was the growing popularity of "gourmet emporiums." These are deluxe delicatessens that offer patrons the opportunity to purchase prepared products for consumption on and off the premises. Nearly all offer large wine selections and a variety of salads, pâtés and baked goods that are prepared on the premises. Many also offer cookware and gourmet groceries. They vary in orientation from primarily on-premise to primarily off-premise consumption, but either is highly competitive with traditional restaurants. The gourmet emporiums appeal to several of Californians' current preferences, including lighter meals, the opportunity to see the food before ordering, shopping/dining in a single environment, and the opportunity to sample small portions of several appealing items.

We expect this trend to become visible in other cities if it has not already.

Robert Patterson
Los Angeles

From Miami

Total revenue in Miami area restaurants decreased about 10 percent in 1981 as a result of the national economic slowdown, strained U.S.-Argentine relations and reduced spending power of area residents.

Trends through May 1982 indicate that 1981 activity levels have been sustained. Although the worldwide recession seems to be slackening, the prospects for achieving higher patronage levels by the end of 1982 are dim at this point.

Despite the recession, new restaurant concepts have been introduced recently. One of the most successful of these is the combination of video games and fast food products. Discussions with restaurant operators indicate that plans for a number of such units are being studied.

While performance is down countywide, properties with good quality food and service are maintaining a competitive edge. With new development in the form of multiple-orientation restaurants (such as the fast food/video concept), anticipation that the national recession will slow by the first quarter of 1983 and the overall strength of the economy in South Florida, performance of the food and beverage operations in the community should improve next year.

Chase Burritt
Miami

From Minneapolis/St. Paul

The Twin Cities restaurant industry experienced mixed results in 1981. In a year when the economic recession affected customer counts and sales, a few operators were able to maintain or increase volume through innovative advertising, promotions and attention to service. Even in this uncertain economic environment, many new restaurants have been planned or are expected to open in 1982.

Most of the area's new restaurant activity will be occurring in downtown Minneapolis. The $150 million, 1.5 million-square-foot City Center project includes plans for three major restaurants, a fast food court, a major department store, a 52-story office tower and a 600-room hotel. The 20 fast food operations in the court will be part of an 180,000-square-foot retail center that will include 100 stores and is expected to be the hub of the skyway system.

Other restaurant developments in downtown Minneapolis have resulted primarily from the adaptive reuse of existing buildings. Two recent developments, Butler Square and St. Anthony Main, offer patrons a wide variety of eating establishments. Butler Square is a 341,000-square-foot multi-use building, with 55,000 square feet devoted to 21 retail stores, two restaurants and four specialty food outlets. St. Anthony Main, which is part of a historic preservation district along the Mississippi River, includes 43 retail stores, five major restaurants and an old-fashioned food market with a variety of merchants. At St. Anthony Main, 100,000 square feet has already been developed and there are plans to develop another 30,000 square feet.

Another development under construction in downtown Minneapolis is the 1.2 million-square-foot Riverplace project. Riverplace will feature concentrations of residential, office, retail and restaurant space with a theme reflective of Minnesota and the Upper Midwest. Plans include 70 specialty shops, cafes and a food marketplace. Riverplace is expected to be completed by late 1983.

In addition to the redevelopment activity in downtown Minneapolis, the $55 million Metrodome, home of the Minnesota Gophers, Twins and Vikings, opened in April. Many restaurant owners in downtown Minneapolis and in the West Bank area of the University of Minnesota have noticed increases in food and beverage business before and after sporting events.

Several restaurants have been developed in renovated buildings in the oldest section of St. Paul. There are plans to renovate the historic St. Paul Union Depot downtown as restaurant, retail and commercial office space. During the past few years, downtown St. Paul has added a significant amount of commercial space and a number of residential complexes, which has increased restaurant sales in that area.

To maintain market share and profitability in 1982, restaurant operators must continue to offer customers high quality service and menu offerings that provide good price/value relationships.

Daniel W. Daniele
Minneapolis

From New Orleans

The softening of the tourist market in New Orleans has had an impact on the city's restaurant industry. The national economic recession has resulted in a decline in weekend spending. Restaurants in the outlying areas have maintained their volumes relative to 1981 levels because they do not rely heavily on tourist trade. However, strong convention bookings anticipated for the second half of the year should have a positive effect on restaurants downtown and in the French Quarter.

New Orleans continues to be the culinary haven of the Gulf Coast region. Chain-affiliated and up-scale fast food restaurants traditionally have had a more difficult time finding acceptance in New Orleans than in other markets. The demand for Creole and classic cuisine has somewhat precluded heavy development of the more contemporary theme restaurants. The 1984 World's Fair should bring residual benefits to existing as well as new restaurants in New Orleans.

The long-term outlook for the New Orleans restaurant industry is good. The city's position as a major tourist destination and convention site, enhanced by the 1984 World's Fair and the opening of the new convention center for that event, will create continued support for and growth in food service in New Orleans.

Susan Orinsby
Robert Massey
Houston

From New York

In New York City, 1982 is a year of difficulty for many fine-dining and most medium-priced restaurants. However, business in fast food restaurants has remained stable, and the most prestigious and highest level restaurants are having a very good year.

Major concerns are the economy and labor costs. Many of the labor contracts have two- or three-year adjustments agreed to when inflation was 13 percent. Now many restaurants face decreased volume combined with low inflation, resulting in little justification for price increases.

Restaurants in the Broadway area experienced several good years but now are concerned that the high price of theater tickets ($25 to $45) will result in fewer patrons going to both a show and dinner because of the combined cost.

Recent years have brought a dramatic change in the trend of luncheon beverage sales. The trend is away from cocktails and mixed drinks toward wine and sparkling water. Although this has reduced the ratio of beverage to food sales, the greater profitability on these items has kept margins fairly consistent.

Installation and use of point-of-sale, ECR and computer systems has increased. As business has decreased and costs have continued to rise, operators have reacted with greater emphasis on controls.

Bjorn Hanson
New York

From Philadelphia

Despite the national recession, which has had a strong impact on the industrial Northeast, the city's restaurant operators seem to be surviving.

Many operators reported declines in customer counts in 1981 and early 1982 and were able to maintain sales levels only through significant menu price increases. Operators who were able to maintain customer counts noticed a shift in customer preferences to lighter fare and fewer menu selections.

Adding to the impact of the economy on the restaurant industry was the severe weather of the winter of 1981-82. These factors, combined with changing consumer tastes, resulted in the closing of many restaurants. However, in many cases, closings were followed by the opening of new establishments in the same locations. This demonstration of entrepreneurial spirit by Philadelphia's restaurant operators was accompanied by new approaches, a continuing increase in the popularity of such concepts as up-scale cafeterias, health food and salad-oriented menus, and a rounding out of available ethnic restaurants to include such cuisines as Brazilian, Portuguese, Russian and Vietnamese.

With mounting pressures on restaurant bottom lines caused by increased labor and food costs and a more price-conscious public, operators paid more attention to labor productivity, adjusting menus to include lower cost, lighter fare, and increased use of electronic equipment for cash control and management information.

From a geographic standpoint, one of the most important growth areas in Philadelphia during 1981 and early 1982 was the southwest quadrant of the city, extending from Rittenhouse Square to Market Street, west of City Hall. Several new office buildings opened in this area and a new hotel is under construction, scheduled to open in 1983.

Other areas experiencing significant commercial growth (which should continue to affect the restaurant industry) include Franklin Towne and the Independence Mall area. In the latter area, the recent renovation of the historically certified Bourse Building (the former Philadelphia Commodities Exchange) has resulted in the opening of several new restaurants.

Outside center city, the King of Prussia area has experienced the greatest amount of development in office and retail space. The 1981 opening of the Court at King of Prussia, adjacent to the highly successful King of Prussia Plaza, has resulted in the largest shopping mall complex in the country. This complex, along with current and planned office building construction in King of Prussia, is expected to generate significant new demand for restaurant facilities during the next few years.

The popularity of a number of fine country inn dining establishments in Berks, Bucks and Montgomery Counties to the north and west of Philadelphia continued to grow in 1981. Inns in such places as Green Hills and Oley (near Reading), Colebrookdale (near Boyertown) and New Hope (near Doylestown) are among the many such establishments within an hour and a half drive of center city that compare favorably with the best Philadelphia restaurants and have developed followings from as far away as New York.

The strength of the Philadelphia restaurant industry, whose renaissance began in the early 1970s and has continued through the current recession, should benefit from the improvement in economic conditions anticipated by the end of 1982. The planned opening of several new hotels in center city and on City Line Avenue in the next few years, and increased official interest in the development of a major new convention center downtown also contribute to a positive outlook.

R. Geoffrey Kirkland
Philadelphia

From Providence

Restaurants in Providence have been reporting mixed results since mid-1981. Those in the high (tableservice, Continental and French cuisine) and low (fast food) price ranges report an increase in sales volume of about 18 percent, while volume at mid-priced restaurants has declined up to 25 percent. Similarly, menu prices have increased 15 percent at high- and low-priced facilities but remained about the same at mid-priced establishments.

Operating cost increases have slowed and generally have been no greater than the inflation rate. To increase profits, restaurant operators are stressing controls. These include such measures as budgetary controls, more frequent physical inventories, comparisons of actual to estimated food and beverage usage, and energy cost control.

Convention and tour bus activity is down about 5 percent from last year, which has had an impact on area restaurants. The Providence Convention and Visitors Bureau has published a *Walkable City Guide*, listing 21 points of interest in the city, and plans to publish a *Dining, Lodging and Restaurant Guide* and map of the Greater Providence area.

To [illegible] the effects of the recession and the summer doldrums, restaurateurs are using a variety of marketing techniques. These include:

- Two-for-one, early bird and mid-week specials.
- Heavier emphasis on luncheon and dinner specials.
- Increasing more profitable plat du jour sales by giving *all* lunch customers a daily list of specials.
- Combination theater/restaurant specials, including limousine service from the restaurant to the theater.
- More attention to the quality of food, service and consistency.
- Increasing wine sales by handing *all* customers wine lists and asking them if they would care to order wine.

One of the larger hotel chains is trying to upgrade the image of its restaurants by stressing quality rather than quantity. Customers who stay a minimum of five days in one hotel in the chain are given coupons good for $50 in the restaurant or lounge of another hotel in the chain.

Donald Horowitz
Providence

From St. Louis

Despite the economic downturn and unfavorable interest rates, the St. Louis restaurant industry experienced substantial activity during 1981.

Restaurant development along the Mississippi River and within the Laclede's Landing Redevelopment area continued throughout the year. Although this area experienced some business failures and ownership turnover, the failure rate as a percentage of total operations and new openings compared favorably with the national averages. High beverage to food sales ratios are characteristic of many restaurants along the riverfront that feature live entertainment.

As a result of significant residential redevelopment activity in neighborhoods such as Lafayette Square and Soulard, several new food and beverage operations recently opened. Although sales volumes have decreased for some, owners indicate that favorable purchase and lease terms within these areas have resulted in typically lower occupation costs. Additional operating economies are reflected in the many family owned and operated restaurants located in these neighborhoods.

The Central West End, located within Midtown St. Louis, was the site of much activity throughout 1981. Frequented by young professionals, the area's food and beverage establishments range from informal pubs to fine dining. New restaurant development is underway here in anticipation of increasing demand created by young professional families and singles seeking alternatives to high-priced suburban housing.

In St. Louis County, restaurant development activity continues to occur predominantly in the west. Olive Boulevard, which crosses Interstate 270, has attracted many food and beverage operations. Many national specialty chains are located there. In addition, a major chain recently acquired an existing operation in this area and announced plans to open with a new restaurant concept following renovation.

Felix J. Cacciato
St. Louis

From San Francisco

Sales at San Francisco restaurants remained relatively stable in 1981, even though the effects of the recession began to be felt locally in the latter half of the year. Restaurant prices increased 9.5 to 10 percent, almost twice the national average, resulting in a decrease in total cover counts. Slipping occupancy levels at the city's hotels and decreasing passenger counts at San Francisco International Airport were major causes of the lack of real growth in restaurant sales.

However, the restaurant industry in San Francisco continues to be dynamic and trend-setting in nature. Interest in nutritional and natural foods is stronger than ever, and restaurants with menus that emphasize these items are flourishing. Operations featuring pasta (both sit-down and gourmet takeout) also are enjoying enormous popularity and high profit margins.

Surprisingly, in light of the recession, restaurant patrons may find hour or longer waits any night of the week at many popular San Francisco restaurants. There is limited price sensitivity at these establishments, but operators are aware that they cannot gouge their customers.

Two major restaurant developments opened during 1981:

- The fourth and last phase of Embarcadero Center, an office, hotel and retail complex developed by John Portman, reached completion. Embarcadero IV has 12 new restaurants, lounges and food service facilities to attract customers from San Francisco's financial district for lunch, after-work cocktails and dinner. Many restaurateurs in the area already are feeling the effects of this large influx of competitive restaurant seats.
- A famous New York City restaurant opened a sister restaurant in San Francisco's Ghiradelli Square. The spectacular 650-seat, $7 million facility opened with the largest media blitz of any new restaurant in recent San Francisco history.

Outside the city limits, restaurant development continues to be strong. As major San Francisco-headquartered corporations relocate specific divisions to outlying suburbs, restaurant chains are building new outlets in these areas. Additionally, some restaurant chains are joining with budget or "rooms only" motel chains and developing units adjacent to these lodging facilities.

Continued commercial development, the popularity of the San Francisco Bay area, and the tendency of its residents and visitors to eat out more and more often are indicators of a healthy restaurant industry that is likely to remain strong in the future.

Clarance H. Peters
John Wilkinson
San Francisco

From Seattle

For Seattle's restaurateurs, 1981 proved to be a challenging year. While menu prices increased slightly, cover counts declined dramatically, leaving area sales virtually unchanged from 1980.

The region's poor economy has contributed to this dismal performance. The unemployment rate in the Pacific Northwest is in excess of 12 percent, the highest level during the past four decades. The aerospace and timber industries, historically the region's largest employers, continued to experience declines in both sales and total employment. These factors, along with high interest rates and a decrease in the consumer's discretionary buying income, have slowed restaurant development in the area.

Restaurant developers have shown interest in Seattle and the Pacific Northwest in recent years. This past year, however, their optimism gave way to a more cautious approach to new development. However, some restaurant development is underway. The Space Needle Restaurant, a predominant Seattle area tourist attraction, has closed for several months for remodeling, and construction has begun on a new restaurant at the 100-foot level. Several downtown hotels also will be opening or reopening in 1982, adding to the number of available dining outlets in the local area.

In the short term, we expect slow growth in the industry until the current national economic climate improves.

Russ Valentine
Seattle

From Washington, D.C.

The restaurant industry in Washington, D.C., has continued to expand during the past year as a result of its dynamic market composition and aggressive commercial growth throughout the metropolitan area.

Washington eating and drinking establishments serve a variety of sophisticated patrons employed in the government and commercial sectors. The 2,600 associations headquartered in Washington draw a substantial amount of out-of-town business. In addition, the city's variety of cultural, historic and social attractions brought approximately 4.6 million visitors into the marketplace during the past year.

Washington's downtown area continues to develop rapidly and is undergoing many significant changes. In the last decade, Georgetown and the West End area emerged as the city's foremost entertainment centers. A wide variety of establishments were developed that serve a diverse group including tourists, business people and local residents. While these areas have continually grown in popularity, other new restaurants have opened in the core of the downtown area and prospered.

Several factors suggest that the East End will emerge rapidly as an area of growth, justifying additional restaurant development. Currently, 8.6 million square feet of office space is under construction downtown, with an additional 4.6 million proposed. There is a clear eastward thrust in this type of development, which should generate considerable new activity in this portion of downtown.

The Washington Convention Center, now under construction, will anchor the East End, bringing to the area more than 100,000 conventioneers annually, as well as many local residents. Several new hotels now under construction, and several more likely to follow, will attract additional conventioneers, business people and tourists. Metro Center, the connecting point for the area's subway system, makes the area highly accessible and should continue to stimulate revitalization.

Opportunities for new restaurants also are emerging in suburban Maryland and Virginia, where new rapid transit stations are stimulating development. The intensive commercial, residential and retail land use surrounding these stops will provide numerous new development opportunities for restaurants.

The diverse, sophisticated downtown employment base and the continued development of suburban centers contribute to an optimistic outlook for the Metropolitan Washington restaurant industry during the next several years.

James C. Fisher
Douglas Henry
Washington, D.C.

Explanation of Terms

Median—lower quartile—upper quartile

In a column arranged in regular sequence from high to low, or vice versa, the median is the middle figure. In the case of operating results, this means that half the restaurants represented had better results than the median and half had poorer results.

The lower quartile is the dividing point between the lowest quarter and the upper three-quarters of the group. The upper quartile is the dividing point between the highest quarter and the lower three-quarters of the group. Thus, the lower quartile, median and upper quartile divide a series of figures into four equal parts. The results of the middle half of the restaurants fall between the lower and upper quartiles.

Food sales

This category includes revenue derived from the sale of food in the restaurant. Food sales also include the sale of coffee, tea, milk and fruit juices, which usually are served as part of a meal. If there is no service of liquor, beer or wines, the soft drink sales also would be included in this category.

Beverage sales

This category includes revenue from the sale of wine, spirits, liqueurs, beer, ale and soft drinks. These sales do not include coffee, tea, milk or fruit juices, which normally are served with meals and, therefore, are considered food.

Payroll

This category includes the regular salaries and wages, extra wages, overtime, vacation pay and any commission or bonus payments made to employees. The entire restaurant payroll generally is included under this category.

Direct operating expenses

This category includes expenses directly involved in providing service to the customer. Such things as uniforms, laundry, linen, china and supplies are examples of direct operating expenses.

Advertising and sales promotion

This category includes all costs incurred in the maintenance, creation or promotion of sales in the restaurant.

Administrative and general expense

This group of expenses is commonly considered "overhead," and includes items that are necessary to the operation of the business rather than those connected directly with the service and comfort of the customer. Examples include office supplies, telephone costs, general insurance and professional fees.

Occupation costs

These expenses, together with depreciation charges, are the cost of readying the premises for operations. These are sometimes called "fixed charges" since they usually are determined by the financial setup of the restaurant and not by the trend of its business. Rent, taxes, property insurance and interest are occupation costs.

Inventory ratios

Inventory figures taken from the balance sheet have been related directly to operations. Average inventory is the sum of opening and closing inventories divided by two. The turnover ratios represent cost of sales divided by average inventory.

Analyze Your Operation

A periodic analysis of your restaurant's financial performance may provide some early warning signs of potential problems. Food costs or payroll may be inching up month by month. Some controllable expenses could be increasing while others are decreasing.

Day-to-day changes in your costs may be small and could go unnoticed. However, examination on a regular basis could uncover undesirable trends, allowing you to take corrective action and control situations that could lead to a crisis. That is the key to effective management.

To help you toward better management, we have included on the following page a worksheet designed to help you analyze how well your restaurant is doing in comparison with the rest of the industry. Follow these simple instructions for completing the worksheet:

1. Enter your financial data in the first column.
2. Compute the percentages for column 2 by dividing the amounts by total sales. (Note—Where food and beverage sales are broken down separately, compute percentage of food cost by dividing cost of food by food sales; for the beverage cost percentage, divide cost of beverage sales by beverage sales.)
3. Calculate the supplementary statistics in accordance with the formulas given.
4. List the appropriate comparative percentages or ratios from this report in column 3.
5. Compute the variances by dividing the difference between the figures in column 2 and column 3 by the figures in column 3. Multiply the result by 100 to express the variance as a percentage.
6. If the variance is greater than plus or minus 10 percent, further analysis should be made to determine the reason for that variance.

WORKSHEET

Complete and Compare:
Statement of Income and Expenses

	Your Figures Dollars	Your Figures (% of Sales)	Restaurant Industry Report	Variance + or −
Sales				
Food	$	%	%	
Beverage	$	%	%	
Total sales	$	%	%	
Cost of sales				
Food	$	%	%	
Beverages	$	%	%	
Total cost of sales	$	%	%	
Gross profit	$	%	%	
Other income	$	%	%	
Total income	$	%	%	
Controllable expenses				
Payroll	$	%	%	
Employee benefits	$	%	%	
Direct operating expenses	$	%	%	
Music and entertainment	$	%	%	
Advertising and promotion	$	%	%	
Repairs and maintenance	$	%	%	
Total controllable expenses	$	%	%	
Income before occupation costs	$	%	%	
Rent, property taxes and insurance	$	%	%	
Income before interest and depreciation	$	%	%	

Supplemental Operating Information	Your Figures	Restaurant Report	Variance + or −
Sales per seat			
Food	$	$	
Beverage	$	$	
Total	$	$	
Average receipt per cover (total sales ÷ covers)	$	$	
Daily seat turnover (covers ÷ seats ÷ 365 days)	times	times	
Index of productivity [sales ÷ (payroll + benefits)]	times	times	
Current ratio	times	times	
Accounts receivable ratio to sales	times	times	
Inventory turnover (cost of sales ÷ average inventory)	times	times	
Food	times	times	
Beverage	times	times	
Total	times	times	
Return on equity (net profit ÷ net worth)	%	%	